Faculty of Technology

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Entrepreneurship and

Small Business Management

Assignment

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TechFix Solutions Business Plan

1. Executive Summary

TechFix Solutions is a start-up computer repair shop that provides reliable and affordable hardware and software services for individuals, small businesses, and home offices. Started by an experienced IT professional, the shop understands the need for quick and trustworthy computer repair in today's digital world.

We offer a variety of services, including hardware fixes, software troubleshooting, data recovery, networking, and selling computer accessories. What makes us stand out is our focus on personalized service, clear communication, and reasonable pricing. We also plan to work closely with local suppliers, software companies, and educational institutes to offer better value to our customers.

Financially, we expect to break even in the first year and grow steadily as more people learn about our brand. Our strategy includes efficient workflows, clear processes, and ongoing staff training to stay updated with new technology. In the future, we aim to become a leading computer repair service in the region, open more branches, and be the first choice for reliable computer support for both individuals and businesses.

This plan outlines TechFix Solution's mission, vision, goals, strategies, market analysis, and financial projections to position itself as a trusted name in the local computer repair and accessories market.

2. Company Description

2.1 Company History

TechFix Solutions started in July 2024 as a small shop for computer repairs and accessories. We have built a good reputation for fixing desktop computers and laptops in the last five months. Our shop is easy to find near Horana town. We began with skilled technicians, executive management and a small stock of computer parts and accessories.

2.2 Vision, Mission Statement, Goals, Objectives, Strategies

Vision

To become the most trusted and comprehensive computer solutions provider in the region, known for outstanding service quality and advanced technical expertise.

Mission

To provide reliable, affordable, and cutting-edge computer repair and sales services, ensuring our customers can seamlessly adopt technology in their daily lives and businesses.

Goals (Next 1 - 3 Years)

- Expand our product line to include fully assembled computers by partnering with major hardware suppliers.
- Open an additional service line focusing on preventative maintenance services for small businesses in Horana and surrounding areas.
- Increase annual revenue by at least 30% through new product offerings and an expanded customer base.

Objectives

- Hire additional technicians and technical supporters within six months.
- Increase marketing efforts to local businesses and walk-in customers via online and offline channels.
- Upgrade existing repair and diagnostic equipment to handle complex computer issues more efficiently.

Strategies

- Forge relationships with hardware component suppliers to secure competitive pricing and exclusive deals (Offering after-service and warranty periods)
- Maintaining high-quality customer service and quick turnaround for repairs to encourage repeat business.
- Investing in targeted marketing campaigns (social media, local advertising)

2.3 Products and Services

Computer repair services: In-depth diagnostics, hardware replacements, software troubleshooting, software installation, virus removal, operating system installations, and laptop hardware repairs.

Computer accessories sales: Keyboards, mice, headphones, USB drives, external hard drives, monitors, and PC components like RAM, SSDs, and CPUs.

Future offering: Fully assembled computers and custom builds as well as pre-configured systems for gaming, office use, and home entertainment.

2.4 Current Status

Currently, TechFix Solutions maintains a steady flow of repair jobs, averaging 10 to 15 repairs weekly. Along with repairs, we also sell accessories, making it easy for customers to replace broken or old parts on-site. With our plans to grow, we aim to increase our income and reach more customers next year.

2.5 Legal Status and Ownership

TechFix Solutions is presently the sole proprietorship, owned by Mr. Sumudu Chamika. As the business expands, we may explore transitioning to a private limited company (as Ltd) for improved financing opportunities and limited liability benefits.

2.6 Key Partnerships

We have ongoing relationships with local IT wholesalers (Microtek Computer Wholesaler and Majestic Computers) who supply our accessories. And software vendors.

3. Industry Analysis

3.1 Industry Size, Growth Rate, and Sales Projections

The computer repair and accessories industry in that area has been growing steadily by about 5-8% each year. This growth is due to more people using technology and computers for personal and business needs. Sales in this market are expected to stay strong because many customers prefer affordable repair options instead of buying new devices right away.

3.2 Industry Structure

The computer repair industry comprises several types.

1. Small independent repair shops offering localized services and accessories. They especially focused on individuals and small businesses.
2. Large retail chains that provide a broad spectrum of IT products. Especially focused on companies.
3. Online retailers offering competitive pricing and home-delivery services

3.3 Nature of Participants

- Local repair centers: Usually family-owned or individual ventures, focusing on repair or small-scale sales.
- Tech boutiques: Premium shops emphasizing brand-name accessories.
- Corporate IT providers: Serving large business clients with high-end enterprise solutions.

As a key participant, TechFix Solutions focuses on offering reliable and affordable computer repair services for local customers.

3.4 Key Success Factors

- Maintaining a team of qualified technicians capable of diagnosing and resolving complex hardware and software issues.
- Ensuring friendly, transparent, and responsive engagement with clients.

- Prioritizing rapid repair and assembly services to meet customer demands and differentiate from competitors.
- Sourcing reliable components and accessories to reinforce trust and customer satisfaction.
- Utilizing social media, local advertising, and referral programs to reach the right audiences and build brand loyalty.

3.5 Industry Trends

- Increased demand for upgrades: People and businesses prefer upgrading their current systems instead of buying new ones.
- Growing online presence: Companies use online marketing more to connect with a larger audience.
- Shift toward specialized services: There's a growing focus on creating custom gaming or workstation setups for specific needs.

3.6 Long-term Prospects

Nowadays more devices are used by individuals and small businesses, the future of computer repair and related services looks good. Offering fully assembled systems and other IT services like networking or managed services can help TechFix Solutions earn steady and varied income.

4. Market Analysis

4.1 Market Segmentation and Target Market Selection

We can segment our target market selection according to customers.

1. Individual home users: Individual users requiring more repairs and upgrades.
2. Gamers: Younger people looking for high-performance systems and gaming accessories (Graphic cards, gaming mice, and keyboards).
3. Educational organizations: Small-scale organizations are looking for large numbers of computers with minimum prices.
4. Small businesses: In need of regular maintenance, backup solutions, networking, and multiple system setups.

4.2 Buyer Behavior

- Most buyers initially inquire about repair prices and turnaround times.
- Buyers prefer to replace accessories immediately if they perceive high value and reliability.
- They frequently compare prices across multiple shops and online marketplaces.
- They prefer a clear warranty or guarantee terms of at least three months.
- They prioritize accessories and parts with reliable brand reputations.

4.3 Competitor Analysis

Competitors can be affected directly and indirectly.

Direct Competitors:

- Local repair shops: Offer lower pricing, but often lack advanced diagnostic equipment.
- Large-scale stores: Provide a wide product range but may not offer the same level of personalized service or quick repairs.

Indirect Competitors:

- Online platforms: Competitive in terms of price, however, after-sales services like returns, and warranties can be cumbersome for the customer. (Ex: Daraz, AliExpress)

5. Marketing Plan

5.1 Overall Marketing Strategy

Our marketing strategy plan centers on building brand awareness as a reliable, friendly, and popular computer solutions provider. We will emphasize the quality of our service, convenience, and wide range of products, targeting both local and neighboring communities.

5.2 Product, price, place, promotions, and distribution

1. **Product**

We offer comprehensive repair services expanding our product line to include pre-built PC systems tailored for office, gaming, and entertainment use.

2. **Price**

Competitive pricing for repair services to appeal to price-sensitive consumers. Bundle accessories with repairs or new PC purchases to provide value-added packages and discounts.

3. **Place**

The existing shop is located near Horana town, opposite the main road. It is also visible through our Facebook page. To get future expansion the online stores are helpful.

4. **Promotion**

Local advertising through flyers and posters near Horana town. Social media campaigns on Facebook and TikTok showcasing special deals, tech tips, and customer testimonials. And customer referral programs offering discounts on repairs or accessories.

5. **Distribution**

We offer direct sales in-store. On-site repair services for local customers. We plan to set up an online ordering system soon.

6. Management team and company structure

6.1 Board of Directors

Currently, as the sole proprietorship, TechFix Solutions does not have a formal board of directors. However, in the future, transitioning to a private limited company may involve establishing a small board to guide strategic decisions.

6.2 Board of Advisers

Industry mentors: Local IT professionals who share best practices and industry insights.

Financial consultant: Provides input on cash flow management, loan management and expansion funding (Commercial banks)

6.3 Company Structure

- Owner/Manager: Oversees daily operations, financial management, and strategic planning.
- Technical team: Manages the repair and maintenance services, supervises the technical team, and ensures quality standards.
- Customer support team: Helps walk-in customers, schedules repair appointments, manages phone and emails, and handles inquiries.
- Accountant: Manages payroll and supplier payments.
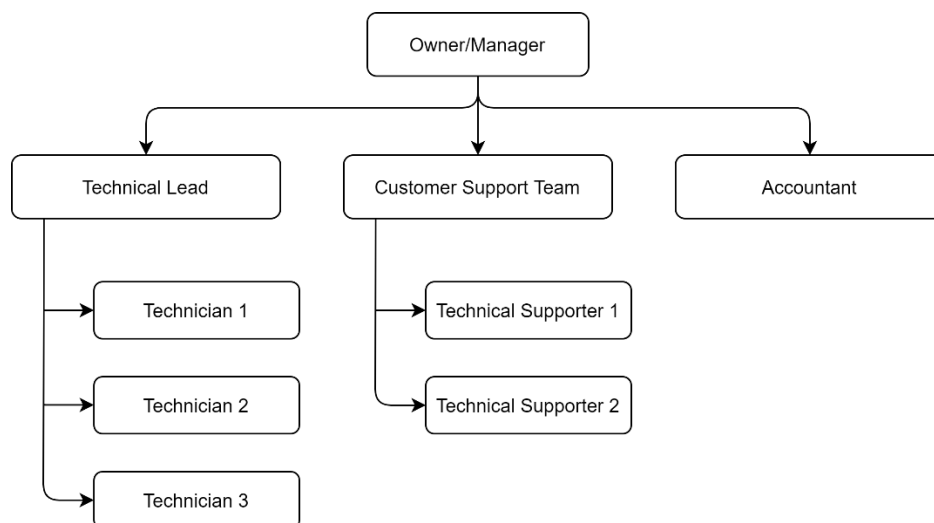
7. Operations Plan

7.1 General Approach to Operations

TechFix Solutions mainly prioritizes quality assurance, quick turnaround times, and open lines of communication with customers. To improve customer satisfaction, we offer standard operating procedures for repairs including comprehensive diagnostics, parts procurement, and post-repair testing.

7.2 Business Location

Strong visibility and convenient access are provided by the business location close to Horana town's main road. The shop has a small inventory storage area, a repair workshop with tools and diagnostic equipment, and a reception area for customer inquiries. Specialized equipment and more space will be needed as operations grow to include custom PC assemblies.

7.3 Facilities and Equipment

- Diagnostic tools: Multimeters, power supply testers, and specialized laptop repair kits.
- Testing computers/monitors: For checking parts and verifying repairs.
- Software support: Legal software packages including Microsoft, Adobe and antivirus software.
- Future acquisitions: Additional advanced diagnostic equipment for complex motherboard or chip-level repairs.

8. Product Design and Development Plan

8.1 Development Status and Tasks

1. Computer repair services
   - Stage 1: Update standard operating procedures for repair services to ensure consistent quality and quicker turnaround times.
   - Stage 2: Set up a dedicated section in the workshop for high-priority or emergency repairs.
   - Stage 3: Develop a systematic follow-up process with clients to gather feedback and ensure repair satisfaction.
2. Software diagnostic services
   - Stage 1: Identify and purchase licensed diagnostic software.
   - Stage 2: Set up a secure remote support system, enabling technicians to troubleshoot software issues for clients without requiring an in-store visit.
   - Stage 3: Bundle software diagnostic services with extended warranties or custom PC builds to add value.
3. Custom PC builds
   - Stage 1: Establish partnerships with reliable hardware suppliers to obtain high-quality parts
   - Stage 2: Standardize assembly processes, including cable management, heat management, and system stress-testing procedures.

8.2 Challenges and Risks

   - Supply Chain Disruptions: Potential component shortages or delays.
   - Economic Fluctuations: Changes in the economy affecting consumers' purchasing power.
   - Competitive Pricing: Online retailers often offer lower prices, requiring value-added services to remain competitive.

8.3 Intellectual Property

The brand name "TechFix Solutions" is registered as a sole proprietorship. And no immediate patents or proprietary technologies, but service processes and marketing materials are proprietary.

9. Financial Projections

9.1 Sources and Uses of Funds Statement

Sources of funds	Amount (LKR)
Owner's investment	1,000,000
Bank loan (5-year term)	2,000,000
Retained earnings	500,000
Total	**3,500,000**

Uses of funds	Amount (LKR)
Shop expansion (Renovation)	800,000
New equipment and tools	600,000
Inventory purchase (PC parts and accessories)	700,000
Marketing and branding	200,000
Working capital (Salaries)	1,200,000
Total	**3,500,000**

9.2 Assumptions Sheet

- Revenue growth: 25% increase year-over-year.
- Cost of Goods Sold (COGS): ~60% for accessory sales; ~70% for PC assembly.
- Operating expenses: Rent, utilities, salaries, and marketing. Assume incremental 10% increase in OPEX year over year.
- Interest rate: 8% annual on bank loan.
- Tax rate: 15% corporate tax.
- Discount Rate for NPV: 5%

9.3 Pro Forma Income Statements

Income statement (For 3 years)	Amount (LKR)		
Sales revenue	5,000,000	6,250,000	7,812,500
Cost of Goods Sold (COGS)	3,000,000	3,750,000	4,687,500
Gross profit	**2,000,000**	**2,500,000**	**3,125,000**
Operating expenses	1,200,000	1,320,000	1,452,000
EBIT	**800,000**	**1,180,000**	**1,673,000**
Interest expense	160,000	160,000	160,000
EBT	**640,000**	**1,020,000**	**1,513,000**
Tax (15%)	96,000	153,000	226,950
Net profit	**544,000**	**867,000**	**1,286,050**

9.4 Pro Forma Balance Sheets

Balance sheet (For 3 years)	Amount (LKR)		
Assets			
Current assets	1,000,000	1,500,000	2,000,000
Inventory	500,000	600,000	750,000
Fixed assets (Net)	1,400,000	1,500,000	1,900,000
Total assets	**2,900,000**	**3,600,000**	**3,650,000**
Liabilities and owner's equity			
Current liabilities	400,000	500,000	600,000
Long-term liabilities (Bank)	1,800,000	1,800,000	1,900,000
Owner's equity	700,000	1,300,000	1,150,000
Total liabilities + equity	**2,900,000**	**3,600,000**	**3,650,000**

9.5 Pro Forma Cash Flows

Cash flow statement (3 years)	Amount (LKR)		
Beginning cash balance	0	940,000	2,280,000
Cash Inflows			
- Cash receipts (Sales)	4,700,000	6,200,000	7,500,000
- Loan / Owner's contribution	1,000,000	-	-
Total Cash Inflows	**5,700,000**	**6,200,000**	**7,500,000**
Cash Outflows			
- Cash Payments	3,800,000	4,500,000	5,000,000
- Interest Paid	160,000	160,000	160,000
- Capital Expenditures	800,000	200,000	300,000
Total Cash Outflows	**4,760,000**	**4,860,000**	**5,460,000**
Net Cash Flow	**940,000**	**1,340,000**	**2,040,000**
Ending Cash Balance	**940,000**	**2,280,000**	**4,320,000**

9.6 Ratio Analysis

- **Average Annual Return (AAR)**

Net profits
- o Year 1: 544,000 LKR
- o Year 2: 867,000 LKR
- o Year 3: 1,286,050 LKR

- o Assuming the initial investment remains 3,500,000 LKR

$$Average\ Net\ Profit\ = \frac{544,000 + 867,000 + 1,286,050}{3} = 899,350\ LKR$$

$$AAR\ = \frac{Average\ Net\ Profit}{Initial\ Investment} \times 100\% = \frac{899,350}{3,500,000} \times 100\% = 25.70\%$$

- **Net Present Value (NPV)**

Assumptions

- Discount rate: 5%
- Initial investment: 3,500,000 LKR
- Year 1: 940,000 LKR
- Year 2: 1,340,000 LKR
- Year 3: 2,040,000 LKR

$$NPV = \frac{940,000}{(1 + 0.05)^1} + \frac{1,340,000}{(1 + 0.05)^2} + \frac{2,040,000}{(1 + 0.05)^3} - 3,500,000$$

$$NPV = 3,874,141 - 3,500,000$$

$$\underline{NPV = 374,141 \; LKR}$$

- **Payback Period**

End of Year 1:

- Cumulative Cash Flow = 940,000 LKR
- Remaining Investment to Recover = 3,500,000 - 940,000 = 2,560,000 LKR

End of Year 2: (After two years, the initial investment is not yet fully recovered.)

- Additional Cash Flow = 1,340,000 LKR
- Cumulative Cash Flow = 940,000 + 1,340,000 = 2,280,000 LKR
- Remaining Investment to Recover = 3,500,000 - 2,280,000 = 1,220,000 LKR

During Year 3:

- Year 3 Net Cash Flow = 2,040,000 LKR
- Remaining amount to recover at start of Year 3 = 1,220,000 LKR
- Fraction of Year 3 needed = Remaining Amount / Year 3 Cash Flow
  1,220,000 / 2,040,000 = 0.598 (0.598×12 = 7.18 months)
- Total Payback Period = 2 years + 7 months

It will take about 2 years and 7 months for the project to recover the initial investment of LKR 3,500,000 with the adjusted cash flow projections.