

**HARAMAYA UNIVERSITY**

***COLLEGE OF COMPUTING AND INFORMATICS***

***DEPARTMENT OF SOFTWARE ENGINEERING***

***ASSIGMENT OF ENTERPRENUERSHIP (BUSINESS PLAN)***

***TITLLE: AFRAN KALO CINEMA***

***GROUP MEMBERS***

|  |
| --- |
| *NAME ID.NO* |
| *HUNDE REGESASA……………………………………………540/08* |
| *GEMECHIS KIDANE…………………………………………..530/08* |
| *BORIFAN ABEBE………………………………………….......518/08* |
| *ASRAT RETA ………………………………………...………….508/08* |
| *ROBERA BELACHOW ………………………………………..560/08* |

**Submitted to: Dr. Damodran**

**Submission date: 17-06-2019**

**Name and address of the owners**

|  |  |  |
| --- | --- | --- |
| Name | Id | Address |
| 1, Hunde Regesa | 540/08 | Haramaya University |
| 2, Gemechis Kidane | 530 /08 | Haramaya University |
| 3, Borifan Abeba | 518/08 | Haramaya University |
| 4, Asrat Reta | 508/08 | Haramaya University |
| 5, Robera Belachew | 560/08 | Haramaya University |

##### Owners address

Address: HARAMAYA/EHIOPIA

E-mail:afrankallo@gmail.com

Tell.+251 444002390

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**Table of Contents**

[**1. Executive Summery 1**](#_Toc11593663)

[**2. The business Objective 1**](#_Toc11593664)

[**2.1 General Objective 1**](#_Toc11593665)

[**2.2 Specific Objective 1**](#_Toc11593666)

[**2.3 The opportunity. 2**](#_Toc11593667)

[**2.5 The competitive Advantage 3**](#_Toc11593668)

[**2.6 Statement of financing needed 3**](#_Toc11593669)

[**2.7 Startup summary 4**](#_Toc11593670)

[**2 Service*s* 5**](#_Toc11593671)

[**2.1 The service and product of the business 5**](#_Toc11593672)

[**3 Market analysis summary 5**](#_Toc11593673)

[**3.1 Future outlook and trends 5**](#_Toc11593674)

[**3.2 Analysis of competitors 6**](#_Toc11593675)

[**3.3 Market segment 6**](#_Toc11593676)

[**3.4 Industrial forecasts 7**](#_Toc11593677)

[**4 Strategy and implementation summary 7**](#_Toc11593678)

[**4.1 Organizational plan 7**](#_Toc11593679)

[**4.1.1Form of ownership 7**](#_Toc11593680)

[**4.1.2 Authority of principals 7**](#_Toc11593681)

[**4.1.3 Role and responsibility of members of organization 8**](#_Toc11593682)

[**4.2 Production plan 9**](#_Toc11593683)

[**4.2.1 Physical plan 9**](#_Toc11593684)

[**4.2.2 Name of supplier of raw material 10**](#_Toc11593685)

[**5 Marketing plan 10**](#_Toc11593686)

[**5.1 Pricing 10**](#_Toc11593687)

[**5.2 Distribution 10**](#_Toc11593688)

[**5.3 Promotion 11**](#_Toc11593689)

[**5.4 Product forecast 11**](#_Toc11593690)

[**5.5 Controls 11**](#_Toc11593691)

[**6. Management team 12**](#_Toc11593692)

[**7. Financial plan 12**](#_Toc11593693)

[**7.1 Monthly cash flow for year one 14**](#_Toc11593694)

[**7.2 Income statement for year one 15**](#_Toc11593695)

[**7.3 Owners equity for the end of year one 16**](#_Toc11593696)

[**7.4 Balance sheet for one year 17**](#_Toc11593697)

[**7.6 Break even analyses for year one 18**](#_Toc11593698)

[**8 Appendix 22**](#_Toc11593699)

# **Executive Summery**

Afrankalo cinema will offer the domestic and foreign movies in each day of the week. Simultaneously the cinema will offer soft drinks and fast foods for the customers. The 100-seat cinema hall is expected to provide service twice per day for working days and three times per day for weekend time. In each of the cinema programs an average of 50 customers will show the movie. The average expenditure of the customer for fast food estimated to be 5 and soft drink is estimated to be 15 birr and the entrance fee or the price of ticket for each person.

All movies in the cinema will be segmented by the customer age and preference. For example, in each of the week the morning movies especially cartoon and animation movies will be presented for childrens, the afternoon and the evening program new arrival foreign movies and new domestic movies will be present respectively for those customers above the age of 17 years.

In addition to the above, the source of movies is Sebastopol cinema for domestic movies and Edna mall for foreign movies by paying 40% of the total receipt from ticketing or entrance fee.

# **The business Objective**

# **General Objective**

The AfranKalo has the overall objectives of generating an income for her business member and satisfy the existing demand of our target customers in Haramaya town and around Haramaya.

## **Specific Objective**

* To generate income for the partners and for the government in the form of income tax.
* To provide the customer with high quality service.
* To satisfy the demand of cinema service of the town.
* To increase the income of the owner’s.
* To create job opportunity.

Mission

* Our project mission is to provide Haramaya town peoples and local society with input that will help them to meet customer need and to increase the view skill in the art.
* Supply high quality of cinema service in Haramaya Town.
* To be competent with in other cinema house in this country

Vision

* To become the main supplier of cinema service in the sector in Haramaya Town.
* It will use different ways to attract customers like advertising, promotion and be sponsor.
* To Continuous auditing of sales and adjusting expenditure accordingly.

# **2.3 The opportunity.**

As we all know there is no cinema in Haramaya town, the one who are intended to show the cinema need to go far away from haramaya town to neighboring dire dawa or Harar. So therefore there is lack of cinema service in haramaya town. We have seen this problem as an opportunity to start this business at Haramaya town and providing good service in order to satisfy the potential demand of the society. And simultaneously generate profit for our business. First we intend to start up and run a cinema in Haramaya area by providing movies and fast food. Simultaneously to ward good recreation purpose for local young, couple and married people with sophisticated atmosphere.

**2.4 Description of the business**

Afrankalo cinema is an entertainment business. This business is managed and owned by five partners. The partners will provide funding from their own saving which will cover startup expenses and provide financial cushion for the first three months of service. The cinema hall will offer both domestic and foreign movies for its customer with additional services of fast foods and soft drinks which include donat, burger, sand witch, and fresh juice and Coca Cola's, other soft drinks.

# **2.5 The competitive Advantage**

There is no cinema in Haramaya town but in near kilometers, Dire Dawa there is a cinema. The major difference between us is that they lack of fast food and soft drinks with law price for middle income and poor people, car parking facility, specified time schedule with the type of movies.

# **2.6 Statement of financing needed**

The business will be established in order to generate profit by providing satisfactory service for the people of Haramaya town. The cinema hall will be set up in next year. This business is established in order to get the required level of profit by delivering satisfactory and adequate services for the people of Haramaya town which include both cinema program and fast foods and soft drinks. The customers are benefited in terms of the following things:-

* Availability of foreign and domestic movies on time,
* Well-cooked fast foods and soft drinks,
* Entertain themselves
* They protect themselves from unfruitful activity...

# **2.7 Startup summary**

Initial capital requirement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Measurement | Amount | Price per unit | Total |
| Projector | Quantity | 1 | 15000 | 15000 |
| DVD | Quantity | 2 | 800 | 1600 |
| Speaker system | Quantity | 1 | 40000 | 40000 |
| Kitchen ware | Quantity | - | 8000 | 8000 |
| Office equipment | Quantity | - | 6000 | 6000 |
| Generator | Quantity | 1 | 6000 | 6000 |
| Cash | Quantity | - | - | 30000 |
| Total | Quantity | - | - | 106,600birr |

Sources of capital requirements

The 40000 birr startup capital will be from creditors by paying 10% interest and the remaining 66,600 will from the owner’s capital.

**2 Service*s***

## **2.1 The service and product of the business**

* **Product**

An average prices with desirable quality and standard this Includes fast food like donat, burger, sandwich and soft drink like Red Bull, coca cola and Pepsi.

* **Service**

Our most power full service is the movies itself; which are new, technically improved, desired and ethical for foreign and domestic sources and providing a good situation in parking facility with security, easy ticketing system and satisfactory delivery of fast food and soft drink.

* **Size of business**

The size of business is a small business; its initial capital is around 100,000. It has five permanent workers in security, weightier, kitchen worker, casher and technical person from the owners

A cinema hall has 100 seats to the maximum, have a parking facility pace.

# **3 Market analysis summary**

## **3.1 Future outlook and trends**

As we all know there is no cinema in Haramaya town, First we intend to start up and run a cinema in Haramaya area by providing fast movies and food. Simultaneously to ward good recreation purpose for local young, couple and married people with sophisticated atmosphere.

Furthermore find, and covert suitable premise to 100-seat cinema with desirable type of movies, fast food and car parking facility. To build up a regular customer and achieve forecasted.

Sales by advertising, promotion and the product and service itself. additionally, to be able to employee full time staff member to build up a reliable and conscientious team working in the cinema, establishing the owners to concentrate on the day to day problems, to meet the customer demand, mounting promotions and supervising the general running of the cinema in order to building and expand the business future.

Finally our future outlook is to purchase a second premise in different area and set up a similar operation after five year.

## **3.2 Analysis of competitors**

The strengths and weakness of the cinema are listed below;

Strength

* They have experience in this area throughout their operation time.
* They also have a good capital as compared with us, due to their income that is generated before
* The cinemas are known by the people of Haramaya town because of their seniority
* They know the consumer preference and wants by their experience
* They facilitate strong connection with financial institutions and investors

Weakness

* There is transportation cost for the residents of Haramaya town and Haramaya university students to get there
* They ask high price for cinema ticket, for food and soft drink service as the customer demanded
* Their services do not include or consider children, uneducated part of the society need and want
* Low advertising and sales promotion
* No parking facility
* There is no facility layout for those who are physically disabled
* Low sophisticated atmosphere for the customer
* Limitation in terms of on time movies

## **3.3 Market segment**

* *Segment aimed for afternoon time*

Young people whose age is between 17-35 form any socio economic group living in Haramaya town, whose preference is foreign movies

* *Segments aimed for* evening time

Young and married people in full time employment, couples, for example workers in different organization, government and non-government office workers, office…etc. living and working in the area or comminuting to Haramaya. Whose demand is domestic movies.

* *Segments aimed for morning time*

A child’s whose age is between 5 and 12 from any socio-economic group living in Haramaya town.

* *In all the above segments*

Our service for both male and female

## **3.4 Industrial forecasts**

The cinema customer has estimated in Haramaya town is about 35% of the whole population and the growth of the customer is increasingly, due to the existence of new technological improved domestic and foreign movies.

Before starting this business plan, we conduct some opinion of Haramaya town people about their attitude toward the demand of movies, most of them said that the number of customer is increased time to time. However, the numbers and service of cinema whole cannot match with the customer in Haramaya; due to our forecasts about the industry is the market or demand increase in the future.

# **4 Strategy and implementation summary**

## **4.1 Organizational plan**

### 4.1.1Form of ownership

Afrankalo cinema will be run us a partnership between four under graduate Managers. Each of partners shares the income depending on the amount of contribution to establish the business. I.e. each of partners contributes 14.800birr equally. So they share will be equal.

### 4.1.2 Authority of principals

Because of the nature of partnership all principals of the business have equal authority to decide related with the following factors

* To procure or purchase material or equipment for the business.
* To hire employees or fire from the business.
* To make a contract with supplier or others.

### 4.1.3 Role and responsibility of members of organization

Security

* To protect the material or equipment’s from damage, theft and other hazard.
* To protect the property of customers like bicycle, car, or motors, taxi …etc.
* To keep the security of cinema hall from disturbance customers.

Weightier

* To give seat for customer
* To deliver fast food and soft drinks for the customer.
* To treat customers in a suitable way

Kitchen worker

* To cook fast foods,
* To keep soft drink refrigerated,
* To give for the weight if any order is available and,
* To protect the cleanness of the kitchen ware.

Casher

* Receiving any cash flow and to make a payment.

Technical person

* Control noises,lightning system,
* Arrange the schedule of movies,
* Check the sound and image quality,
* Avoid unnecessary voice which interrupts the customer,
* Control electric supplies.

## **4.2 Production plan**

As our product is both tangible and intangible means that it is product and service. In order to operate or run our production we procure or buy some necessary movies from local supplier Ethiopia cinema.Those tangible products like fast food and soft drink will be purchase from local retailers to produce or cook fast foods. For soft drink our responsibilities is only presenting and keep refrigerated.

### 4.2.1 Physical plan

There are some equipment’s and physical plan those have to be purchased or rent in order to operate our production. The following are the major one.

**1. Projector**

* To display the movies in a bigger large sizes

**2. DVD player**

* In order to play the movies

**3. Speaker system**

Ampliphayie r: -

* To transform the sound from DVD player to speakers

Speakers

* To magnify the sound in order to provide good sound that can be heard by any customers.

**4. Hall**

**Type:** preferable a free hold premise to rent from another business people.

**Location:** around the entrance of Haramaya town from Dire and Harar which is preferable to attract more customers and get a good transportation service for the customer.

**Size:** 100-seat hall with three by three meter kitchen

**5. Generator**

* To safeguard when there is no electric power, because there is a frequent electric shortage in Haramaya town.

### 4.2.2 Name of supplier of raw material

Movies

Sebastopol,Edna mall cinema& other domestic film production company’s

Soft drink

Coca Cola and Moha company’s wholesalers

Fast foods

We will procure a raw material like bread from Dire Dawa bakery and other – like meat, oil; better, cake powder, vegetable and etc. are for concerned supplier in order to cook fast food.

# **5 Marketing plan**

## **5.1 Pricing**

The sensitivity of the customer due to price change is less because there is no alternative or no many competitors in the market and the price of ticket and fast food are relatively low and it can be afford by any socio economic group of the people.

We use these pricing strategies in order to operate our business, to gain attractive profit and delivery service in a most affordable way.

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Measurement | Amount | Price |
| 1. ticket | Quantity | 1 | 15 birr |
| 2. soft drink | Quantity | 1 | 4 birr |
| 3. burger | Quantity | 1 | 20 birr |
| 4. sandwich | Quantity | 1 | 15 birr |
| 5. Donat | Quantity | 1 | 5 birr |

## **5.2 Distribution**

Afrankalo cinema distributes its product and services for the customer in its premise or cinema hall. Because it is impossible to provide door-to-door service due to the nature of our service cinema.

## **5.3 Promotion**

As we mention earlier those competitors lack promotion and advertising technique in order to benefit from these ourAfranKalo cinema use billboards, pamphlets, TV and radio station working in Haramaya town,face book,e-mail, newspaper and magazines in order to promote the cinema program to its customer. The reasons behind to select these promotion system are:-

* Our competitors does not familiar with this kinds of promotinal techniques
* The cost of these promotional system are less cost than other promotion system
* The value or contribution of these promotion is higher to the company
* Most of the people are familiar with this entertainments
* These promotion mechanisms are effective to introduce as well as to promote the company’s service.
* These promotion mechanisms are available in Haramaya town

**5.4 Product forecast**

As our customers increases the products and services of the cinema hall in the future time will growth increasingly in terms of the following factors:-

***Quality:*** - The type of movies, technology of equipment’s like 3D technology, projector system techniques used the cinema hall.

***Frequency:*** - Currently the company plan to provide 16 movies per week. However, it is not large enough, so in the future the number of movies and the frequency of the program will increase.

## **5.5 Controls**

In order to control the quality, nature and type of movies all movies must be seen initially to evaluate each movie in terms of our cultures, norms and perceptions before presenting for our customer. If there is any defect (i.e., sound, image and ethics) the movie does not present to the customer rather returned to our suppliers.

On the other hand to control the quality of fast foods the company conducts the customer’s advice, comments, and suggestion about the products to avoid the problem related with the product.

# **6. Management team**

The partnership is well organized and has various professional partners from the same field. The members are listed below with their educational back ground and work experience.

|  |  |  |  |
| --- | --- | --- | --- |
| No. | Name | Educational background | Work experience |
| 1 | Mr.Hunde Regesa | Undergraduate in Software Engineering | 0 |
| 2 | Mr.Gemechis Kidane | Undergraduate in Software Engineering | 0 |
| 3 | Mrs.Borifan Abebe | Undergraduate in Software Engineering | 0 |
| 4 | Mr.Asrat Reta | Undergraduate in Software Engineering | 0 |
| 5 | Mr.Robera Belechow | Undergraduate in Software Engineering | 0 |

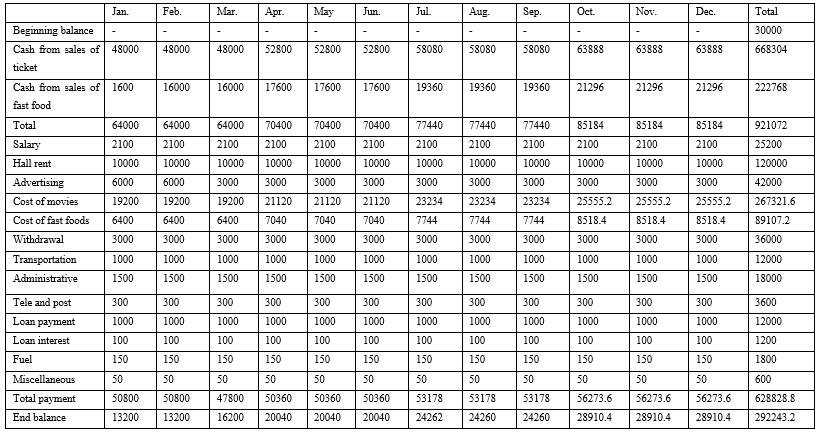
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**7. Financial plan**

Based on the following assumption

* An average customer per movie are 50
* Entrance fee 15birr
* Average expenditure of the customer for fast food and soft drinks are 5birr
* In one week 16 movies will be presented
* Loan interest 10%
* Depreciation 10% per year
* Cost of movies 40% of the total receipt from ticketing
* Cost of fast foods and soft drinks 50% from the total sales of fast foods and soft drinks
* Advertising expense 6000birr for the first two months and 3000for the remaining months
* Transportation cost 1000birr per month
* Administrative cost 1500birr per month
* Hall rent 10000birr per month
* Salary 2100birr per month for five workers
* The sales amount from ticketing and sales of fast foods and soft drinks will 10% within three months due to

## **7.1 Monthly cash flow for year one**



## **7.2 Income statement for year one**

#### REVENUE

Sales of ticket 668,304

Sales of fast food and soft drink 222,769

Total revenue 891,072

#### EXPENSES

Salary 25,200

Hall rent 120,000

Advertising 42,000

Cost of movies 267,321.6

Cost of fast food 89,107.2

Transportation 12,000

Administrative 18,000

Tele and post 3,600

Interest expense 1,200

Fuel 1,800

Depreciation 7,660

Miscellaneous 600

*Total expense* 588,488.8

Profit before tax **302583.2**

## **7.3 Owners equity for the end of year one**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Hunde | Gemechis | Borifan | Robera | Asrat | Total |
| Beginning owners’ equity | 14800 | 14800 | 14800 | 14800 | 14800 | 74000 |
| Add: Net income | 672406 | 672406 | 672406 | 672406 | 672406 | 941 368.4 |
| Less: withdrawal | 20000 | 20000 | 20000 | 20000 | 20000 | 20080.0 |
| Ending Owners ‘Equity | 62,040.6 | 62,040.6 | 62,040.6 | 62040.6 | 62,040.6 | 310203.0 |

## **7.4 Balance sheet for one year**

Asset

Beginning asset

Cash 30,000

Equipment 69,200

Total asset **99,200**

Liability

Loan 40,000

Owner’s equity

Hunde 14800

Gemechis 14800

Borifan 14800

Asrat 14800

Robera 14800

Total equity 59,200

Total owner’s equity and capital **99,200**

***7.5 Pro- forma balance sheet***

*Asset*

Cash 238,243

Equipment 76,600

Less: depreciation (7660) 61280

Total asset **307,183**

*Liability*

Loan 40,000

Less: loan payment (12000)

Total liability 28000

Owners’ equity

Hunde 62,040.6

Gemechis 62,040.6

Borifan 62,040.6

Asrat 62,040.6

Robera 62,040.6

Total equity 248,162.4

Total owner’s equity and liability **307,183**

## **7.6 Break even analyses for year one**

At the point of break even the TC/total cost/ of the cinema will be equal with its total revenue/TR/.

BEP => TC = TR

TC = FC+VC

Where, FC = fixed cost

VC = variable cost

TR = PX

Where, p = price

X = number of customer

Total cost of the cinema hall (TC)

TC = FC + VC

FC = the summation of all fixed costs for the cinema

I.e. salary 25200

Hall rent 120000

Advertising 42000

Interest expense 1200

Fuel 1800

Administrative 18000

Tele and post 3600

Miscellaneous 600

Total 224400

VC = 40% of revenue from ticketing and 50% of revenue from sales of fast food and soft drinks.

VC = 0.4p1x + 0.5p2x

Where; x= number of customer

P1= price of ticket =15birr

P2= price of fast food and soft drinks= 5birr

= (0.4p1 + 0.5p2) x

= (0.4\*15 + 0.5\*5) x

= (6 + 2.5) x

VC = 8.5x

Therefore TC = 224400 + 8.5x

Total revenue of the cinema (TR)

TR = the summation of all receipts both from ticketing and sales of fast foods and soft drinks

TR= p1x + p2x

Where, x= number of customer

P1= price of ticketing

P2 = price of fast food and soft drinks

TR= 15x + 5x

TR = 20x

Beak even point and quantity

BEQ = TR = TR

224400 + 8.5x = 20x

224400 = 20x – 8.5 xs

224400 = 11.5x

BEQ = X = 19513 customers

BEP = XP = 19513 \* 20 =39026

GRAPHICALLY

Cost and revenue

Revenue

Total cost

39,026

224,400

19513 Number of customer

Fig. *breakeven analysis of the Afrankalo cinema*

In order to cover the total yearly cost of the cinema there should be 19513 customer of revenue of 390260 Birr.

ROI = Profit =302,583.2 = 4.54%

Investment 66,600

# **8 Appendix**

* Letter

We get the letter from different customer and sub-constrictor concerning to our business.

* Price least from supplier

Some price of the foods, drinks, least from supplier and also from competitors.

* Market research data

Before we enter into this business we refer many different research that done on the different cinema. From this research we understand how we develop ofin cinema in this town. From this we consider that we can beneficiary when we open cinema in this town.

* From different online Like Google.