# MWIGANKI ELECTRONICS

By Michael Mugo Murangiri

# Executive Summary

This business plan will show how a total investment of only Ksh 3,000,000 could yield

Cumulative net profits in excess of Ksh 7,000,000 over a five-year period, and average

Monthly sales of Ksh80, 000, while maintaining adequate levels of liquidity.

The purpose of this plan is to secure additional funding from an investor and a bank

(Ksh 1,500,000 investment, and Ksh1, 500,000 five-year term business loan), to cover the start-up

Costs.

Mwiganki Electricals and Electronics is a family-run business dedicated to providing excellent

Quality of Electrical equipment and Electronic appliances to the residents of Banana Town, in a manner

That generates fair and equitable returns for present and future owners, and superior value

To our customers. We specialize in selling a variety of different Electrical equipment and Electronic

Appliances

Banana Town has experienced explosive growth over the past five years. Over

One million residents now live in the area. Local businesses are slowly catching up

With this new opportunity. We are opening a new Electricals and Electronics service

That will focus on the Local Bay area.

Currently, the closest Electrical and Electronics shop is three kilometers away from our intended location

In Banana Town. Mwiganki Electrical and Electronics will offer a better product, at a reasonable

Price, and will deliver it on time to the customer's door.

**1.1 Objectives**

• To attract a minimum of 50 regular customers per day for Electrical equipment’s and

Delivery, in the first year of operations;

• To offer our customers excellent services, at a reasonable price, and

Provide outstanding customer experience, measured by minimum 5 percent

Yearly sales growth and customer complaints less than 1 percent.

• To generate positive cash flow from operations, and at least 10 percent net

Profits to sales.

**1.2 Mission and Vision**

Mwiganki Electricals and Electronics mission is to offer residents of Banana Town the best Electrical

Equipment and appliances in the area. We are committed to providing the service quality and value

That our customers expect. Mwiganki Electricals and Electronics will use its strategy, staff, and systems

To provide each customer with a seamless three-part customer experience -- service product (Best

Brands of Electrical equipment and Electronic appliances), service environment, and service delivery --

Each part of which will meet or exceed our customers' expectations.

Our vision is to become the first choice of Electrical equipment and Electronics, and a respected

Company as measured by our customers, our employees, our shareholders, and the

Community we live in.

Our values are critical to our success. They are the strong foundation of Mwiganki Electricals and

Electronics that define who we are and set us apart from our competitors. They underlie our

Vision of the future. These values include:

• Performance excellence-We act like responsible owners, always seeking to

Meet or exceed expectations.

• Teamwork- We act as a team, committed to each other, and bound by trust and

Loyalty.

• Integrity-We treat one another, and all our stakeholders with dignity and respect.

Honesty, ethical behavior, and integrity are fundamental characteristics of our

Business conduct.

**1.3 Keys to Success**

Our keys to success are:

• Excellent product and service that will build and maintain customer loyalty.

• A business location that will assure high company visibility and a high flow of

Customers.

• Proven management ability to successfully run a similar business.

• Our commitment to continuous improvement and total quality service.

**1.4 Start-up costs and funding**

After spending several months searching for a convenient location, we the owners decided

To lease a commercial space in a densely populated area of Banana Town. The start-up

Capital will be used for legal expenses, Store inventory and equipment, packing and

Other materials, insurance, rent, promotion, business sign, and inventory on hand at

Start-up, as detailed in the company summary section of this plan.

We have estimated total start-up costs of Ksh 3,000,000. The numbers in the start-up and

The start-up funding tables are meant to reflect these estimates. The company capital

Will be Ksh 1,750,000.

Michael Mugo and Purity Gabi, as co-owners, will provide the bulk of start-up financing in the

Amount of Ksh 1,500,000 (Ksh 750,000 and 40 percent ownership each). Approximately

Ksh 1,500,000 additional funding is needed. The purpose of this business plan is to secure

Financing for that amount.

An investor and co-owner is welcome to participate in the company's capital for the

Amount of Ksh 1,000,000, and could be offered a portion of 20 percent ownership of the

Ksh 1,750,000 company capital. The funds provided by the investor will be used to buy

Equipment, and to cover part of the start-up expenses. More details about the investor's

Potential interest in the company are provided in the important assumptions section of

this plan.

For the remaining Ksh 500,000 additional financing needed to cover the start-up costs, the

company plans to receive a one-year term commercial loan facility which will meet

the cash flow requirements. The borrowed funds will be used exclusively to buy

equipment, based on the list that will be made available to the lending institution. The

loan could be repaid in equal monthly installments over a one-year period

Our cash-flow analysis demonstrates the company's ability to repay the loan and meet

the interest payment obligations, while maintaining adequate liquidity and generating

positive cash flow, and sufficient cash reserves for unforeseen future events.

**1.5 Company Ownwership**

Mwiganki Electrical and Electronics will be a privately held corporation owned in majority by Michael

Mugo and his sister Purity Gakii. A new investor will be invited to participate in the company's

capital. At the time of formation, Mwiganki Electricals and Eletronics plans to issue 10,150 shares of Ksh

100 par value common stock. The issued and outstanding common stock would be Ksh1,750,000.

Michael Mugo, brother and sister, would receive 3,600 shares, at Ksh100 par

value, or 40 percent ownership each. Their total contributed capital would be

Ksh 1,500,000

In return for investing Ksh 1,000,000 in the company's capital, the new investor would receive

2,950 shares at Ksh 100 par value, or 20 percent ownership. The new investor would

be invited to discuss the quantity and quality of the stock to be issued, before the

incorporation procedures are started. Additional information about investor's interest,

entry, and exit strategy is available in the important assumptions section of this plan.

**1.6 Products and Services**

Mwiganki Electricals and Electronics will offer a wide variety of Electrical equipment such as bulbs,

sockets, conduits, busbars and many more , as well as Electronic appliances such as televisions , music

systems and many other appliances

**1.7 Market**

Banana Town is a growing low to middle-class area, counting more than one

million residents. There are about five hundred businesses close to our location. Most

of these residents are families of three or more. The average income for the area is

Ksh 50,000

With continued growth in the area, opportunities to serve Banana town residents will

increase. The company will sell to individuals, but it will also accept some occasional

tendering jobs to individuals and companies in the area.

The main market segments are: a) individuals (retail customers) accounting for more

than 90 percent of our sales, and b) local businesses (corporate customers) which, in

terms of purchase orders, typically make larger orders for their employees and business

needs.

**1.8 Strategy**

Our strategy is based on delivering a strong customer value proposition in a niche

market. We are looking to offer Banana town and its surrounding areas a new

choice in Electrical and Electronics equipment.

We are building our marketing infrastructure so that we can eventually reach more

customers with the same equipment offering. We focus on satisfying the needs of low-tomiddle class

residents and companies located inside or outside Banana Town.

**1.9 Management**

Our management is expected to use resources wisely, operate profitably, pay debts,

and abide by laws and regulations. Our management philosophy is based on team

work, responsibility, and mutual respect. People who work at Mwiganki Electricals and Electronics

would want to be part of our team because we operate in an environment that

encourages creativity, diversity, growth, and performance.

Michael Mugo will be the manager of Mwiganki Electrical and Electronis, assisted by his sister, Purity

Gakii.

**1.10 Financials**

According to our conservative estimates, Mwiganki Electricals and Electronics is expected to maintain a

healthy financial position over the next five years. Our company is expected to break

even in the third month of operations.

We also expect to be profitable in the first year of operations, with profits increasing

over the next four years, as we establish and increase our customer base.

Our main concern will be to have sufficient cash on hand to meet our payment

obligations and be prepared for unexpected needs of cash. Our conservative

projections indicate that our business is able to generate positive cash flows and

sufficient cash reserves.

The ratio analysis clearly shows that Mwiganki Electricals and Electronics financial position is

expected to remain strong, as measured by its liquidity, long-term solvency, and cash

flow adequacy ratios.

The company's profitability, as measured by its profitability ratios, is excellent, and will

gradually increase over the next five years. This performance will probably be rewarded

by a higher market price when the company decides to go public.

**1.11 Investor Considerations**

For investing Ksh 1,000,000 in the company's capital, the new investor would receive a

portion of ownership of 20 percent (2,950 shares of Ksh100 par value). As the investor

will hold between 20 and 50 percent of the voting stock, he or she will exercise

significant influence over the company's policies.

According to our conservative estimates, the cumulative dividends that would be paid to

the new investor, based on 20 percent of ownership, over the next five years, would

be Ksh 2,000,000.

Key measures of the expected benefit from the investment are presented in the

important assumptions section of this plan. They clearly show that the risks and benefits

of such an investment would be balanced.

We recognize that any investor in a start-up company, no matter how well on paper,

ultimately needs an exit vehicle. Our purpose is to provide the best alternatives to

protect investor's interest, while maintaining the potential growth of our company, the

liquidity, and the profitability of future operations.

There are several options (exit strategies) that could be discussed while considering

alternative methods for the investor to turn illiquid securities into readily tradable

securities or cash. These options are discussed in the final section of this business plan.

**1.12 Disclaimer**

The current unfavorable economic conditions and prospects are carefully considered,

and the estimates included in the plan are conservative. However, investors are

advised to exercise caution when considering investment alternatives because actual

data almost always differ from projections.

This business plan is designed to help investors better understand the potential risks,

costs and benefits of this business project, but it is not intended, and is not to be

considered in itself or any part of it, as an investment offer or solicitation, as regulated

by law. It was developed for sample purposes, and any resemblance to real situations,

People or data would be purely coincidental.