



# TARU

TUNKU ABDUL RAHMAN  
UNIVERSITY COLLEGE

BEYOND EDUCATION

## Business Plan



# SaviorFit

Limited Company

## ABDM3574 ENTREPRENEURSHIP

Faculty of Accountancy, Finance & Business (FAFB)

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Tutorial Class: DAC2S2G2

Smart  
Hula Hoop

KOLEJ UNIVERSITI TUNKU ABDUL RAHMAN  
FACULTY OF ACCOUNTANCY, FINANCE & BUSINESS

**PROJECT ASSIGNMENT EVALUATION**

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Members' name and ID:

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#	Criteria	Total	Score	Remarks
1.	<b>Executive Summary</b> <ul style="list-style-type: none"> <li>○ Informative, clear &amp; order.</li> <li>○ Completeness of summary.</li> </ul>	10	6	-
2.	<b>Venture team/Company description</b> <ul style="list-style-type: none"> <li>○ Formation of organization.</li> <li>○ Goals and objectives of venture.</li> <li>○ Role played of team member.</li> </ul>	10	8	-
3.	<b>Business idea and opportunity analysis</b> <ul style="list-style-type: none"> <li>○ Creation of idea.</li> <li>○ Opportunity analysis.</li> </ul>	10	7	-
4.	<b>Industry analysis</b> <ul style="list-style-type: none"> <li>○ Descriptive analysis of the Industry.</li> <li>○ PEST analysis</li> <li>○ Competitor analysis.</li> </ul>	10	7	-
5.	<b>Market analysis</b> <ul style="list-style-type: none"> <li>○ Market segmentation.</li> <li>○ Target market.</li> </ul>	10	7	-

	<ul style="list-style-type: none"> <li>○ Customer needs and wants.</li> </ul>			
6.	<b>Marketing plan</b> <ul style="list-style-type: none"> <li>○ Overall market positioning strategy.</li> <li>○ Marketing mix.</li> </ul>	10	7	-
7.	<b>Product development / Service operation plan</b> <ul style="list-style-type: none"> <li>○ Description and design of product/service.</li> <li>○ Analysis of quality.</li> <li>○ Production and preparation of product/service.</li> </ul>	10	7	-
8.	<b>Financial projections (I)</b> <ul style="list-style-type: none"> <li>○ Sources of funds (for new product).</li> <li>○ Uses of funds (for new product).</li> <li>○ Assumptions – breakdown of costs and revenues that lead to the financial projections.</li> </ul>	10	9	Well Done!
9.	<b>Financial projections (II) (6h)</b> <ul style="list-style-type: none"> <li>○ Pro forma Income Statement (3 years estimation, yearly basis)</li> <li>○ Balance Sheet (3 years estimation, yearly basis)</li> <li>○ Pro forma Cash Flow (3 years estimation, yearly basis)</li> </ul>	10	8	-
10.	<b>Quality of the written assignment</b> <ul style="list-style-type: none"> <li>○ Cover page – layout.</li> <li>○ Relevancy of References and/or appendix.</li> <li>○ Documents attached – relevancy.</li> <li>○ Quality of document – Structure, layout, length of document, and etc.</li> <li>○ Language, clarity, readability, and etc.</li> </ul>	10	8	-
	Total: (marks)	100	74	-

Comments:

Discussion should be more Malaysia focused! Weak to adapt the parts to discussion? Improvement needed on referencing!

Q&A:

- None -





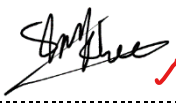
# KOLEJ UNIVERSITI TUNKU ABDUL RAHMAN

Faculty of Accountancy, Finance and Business

## Plagiarism Declaration Statement

Read, complete and sign this statement to be submitted with your written work.

We confirm that the submitted work are all our work and are in our own words.

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## EXECUTIVE SUMMARY

SaviorFit is a limited company, which manufactures and retails the products by itself SaviorFit is committing to provide a kind of recreational, attractive, functional and innovative fitness equipment to meet the health and fitness needs of people in today's society.

SaviorFit is launching Smart Hula Hoop. This multi-functional product included advanced functions such as exercise, massage, gaming and digital count. Due to increasing awareness of health issues, the fitness equipment market is tend to expand nowadays.

The business plan also includes political, economic, social, and technological analysis. These factors will influence an organization's development. With unique features and benefits provided, we are able to compete among the other competitors.

The target market of SaviorFit is mainly focused on the generation Z and Y. The reason is that Generation Z are facing obesity at an alarming rate among all generations. Gen Y nowadays prefer to work out at home rather than go to the gym room due to the expensive membership fees. Besides that, we also target people who want to improve their appearance. These groups of people will boost our sale and increase our market share.

Our company expects to gain RM231,736, RM507,117 and RM1,267,862 net income in Year 1, Year 2 and Year 3. Then, the average total assets is RM481,736, RM988,854 and RM2,256,716. ROI estimated is 0.48 in 2021, 0.51 in 2022 and 0.56 in 2023. Based on this ratio, it is showing an upward trend, it means our company is better than previous years in terms of efficiency.

The inside of the business plan includes the details about our company overviews, product analysis, opportunity analysis, PEST analysis, competitor analysis, marketing plan, as well as financial projection. This report is greatly reliable which is greatly supported by real data through research and surveys.

*Common executive summary!*

## 1. COMPANY DESCRIPTION

### 1.1 INTRODUCTION OF COMPANY

#### SaviorFit Ltd. Company



**Figure 1.1: Logo of SaviorFit Ltd Company.**

SaviorFit applies **green colour** as the main logo colour because green has **healing properties** and commonly green is represent to **safe and healthy**. For the alphabet “S” in the logo, is the word “savior” in English, it means a person saves someone from difficulty. Savior represents our hope to solve our customers’ concern on **healthcare problems** effectively. Next, for the word “fit”, it means we hope our customers will not only have **good internal health** and also can become more confident and prouder of their external.

SaviorFit was commenced on 18th October 2020. It manufactures and sells fitness equipment. With a sufficient capital, the founders decided to set the business as a **private limited company** under the Companies Act of 1965. *nature of business?*

Our initial idea was inspired by the experiences of five founders who had once faced the obesity issue. The pandemic of coronavirus further persisted the determination of the founders of providing advanced fitness equipment products that can benefit the consumers. The pandemic made the founders realize that **health** is the most important thing in our life. Due to the furious pace of modern life, people nowadays are lacking time and effort to look after for their health. The lockdown has inspired founders to promote exercise in a more effective, effortless and interesting way. The founders believe that the first method that comes into their minds to keep fit and lose weight is hula hoop equipment. Therefore, founders decided to launch the Smart hula hoop in the market.



## 1.2 PRODUCTS OR SERVICES

Our new product is **Smart Hula Hoop**. It is not just only a traditional hula hoop, but it is a **multi-functional fitness equipment** that combines advanced technology and entertaining components inside, making a normal workout to be more effective and fun. Losing weight is always an exhausting and time-consuming process. Well, with the **fusion of technology** in our product (the magnetic therapy technology and connected app), Smart Hula Hoop helps consumers **to burn** their **fat and calories** more **effectively** in a short time without suffering. This magnetic therapy hula hoop will **never fall**. Smart Hula Hoop allows consumers to carry **workout at home anytime** they want. Purchase with only one product, consumers can enjoy exercise, massage and gaming at the same time.

## 1.3 VISION

Our vision is to become the most recognized fitness equipment in Malaysia. *unconvincing?*

## 1.4 MISSION




Our mission is to **provide a convenient and healthy lifestyle** for people of different ages and genders. We are committed to providing a kind of recreational, attractive, functional and innovative fitness equipment to meet the health and fitness needs of people in today's society. *unconvincing?*



## 1.5 OBJECTIVES

- To generate **net profit of RM400,000** in the year 2021-2023.
- To open **3 outlets** in Penang by 2024. *unconvincing?* ✓
- To gain **4% of market share** in Malaysia by 2025. ✓

## **1.6 PROFILE OF FOUNDERS & COMPANY OWNERSHIP STRUCTURE**

Founder of the SaviorFit Company' profile is shown as below:

	<p><b><u>Ng Xian Ting   Co-Founder &amp; Managing Director</u></b></p> <p><b>Roles:</b></p> <ul style="list-style-type: none"><li>- Identify market opportunity and build and lead teams</li><li>- Create business plans and documents.</li></ul> <p><b>Qualification:</b> Graduated from TAR College University - Diploma in Accounting.</p> <p><b>Work experiences:</b></p> <ul style="list-style-type: none"><li>- As an e-commerce for about 4 years.</li><li>- As a founder of DOREMI on Instagram.</li><li>- Having own online business "SomTone Studio" on Instagram, Lazada and Shopee for selling rattan products.</li></ul>
	<p><b><u>Ooi Shu Khue   Co-Founder &amp; Human Resources Director</u></b></p> <p><b>Roles:</b></p> <ul style="list-style-type: none"><li>- Developing and implementing human resources policies.</li><li>- Ensuring compliance with laws and regulations</li><li>- Oversee recruitment and hiring process.</li></ul> <p><b>Qualification:</b> Graduated from TAR College University – Diploma in Accounting.</p> <p><b>Work experiences:</b></p> <ul style="list-style-type: none"><li>- She has 3 months clerk experience in SMe</li><li>- 2 years sales e-periences in Aeon Mall Store, Bukit Mertajam.</li></ul>
	<p><b><u>Lee Jia Jie   Co-Founder &amp; IT Director</u></b></p> <p><b>Roles:</b></p> <ul style="list-style-type: none"><li>- Leading efforts to improve IT processes.</li><li>- Implementation and maintenance of current systems.</li></ul> <p><b>Qualification:</b> Graduated from TAR College University – Diploma in Accounting.</p> <p><b>Work Experiences:</b></p> <ul style="list-style-type: none"><li>- 1-year sales experience as sales promoter.</li><li>- 4 years' experience as cashier at grocery store.</li></ul>

	<p><b><u>Lau Mei Zhen   Co-Founder &amp; Marketing Director.</u></b></p> <p><b>Roles:</b></p> <ul style="list-style-type: none"> <li>- Setting current and long-term goals for internal teams.</li> <li>- Developing and implementing a cohesive marketing plan to increase.</li> <li>- Identifying new market opportunity.</li> </ul> <p><b>Qualification:</b> Graduated from TAR College University – Diploma in Accounting.</p> <p><b>Work Experiences:</b></p> <ul style="list-style-type: none"> <li>- Sales experience as promoter selling a diverse range of products in different malls in Penang during weekends.</li> <li>- As a part timer worker in the gym room for around 2 months during semester break.</li> </ul>
	<p><b><u>Chong Zi En   Co-Founder &amp; Accounting Director</u></b></p> <p><b>Roles:</b></p> <ul style="list-style-type: none"> <li>- Responsible on accounting operations.</li> <li>- Maintain records for all cost accounting.</li> <li>- Monitoring costs and budgets.</li> </ul> <p><b>Qualification:</b> Graduated from TAR College University – Diploma in Accounting.</p> <p><b>Work Experiences:</b></p> <ul style="list-style-type: none"> <li>- 3 years working experience as a part-time waiter,</li> <li>- As a treasurer helping her brother' s small business</li> </ul>

The SaviorFit Company's organization chart is as following:



## 2. BUSINESS IDEA AND ENVIRONMENT ANALYSIS

### 2.1 IDEA GENERATION

The reason that we came out with this idea is that five of us, founders of SaviorFit, were facing the obesity ~~problem~~. The story began during our college time, five of us were often discussed some topics that concerned how to ~~lose~~ weight. Besides that, the five of us, the ~~chubby~~ girls, often meet up together to carry on some fitness activity in order to lose weight such as jogging, hiking, and more. Unfortunately, due to the COVID-19 pandemic, we were forced to cease ~~our~~ fitness activities. COVID-19 pandemic makes us realize that health is the most important thing in our life and diseases are unpredictable. Thus, this pandemic inspired us, why don't we invent some sports fitness equipment that can easily carry on at ~~home~~ with good quality and can exercise in a more effective, effortless, and interesting way. During the lockdown, we spent the time through online chat to discuss and plan new ~~product~~ ideas. After a proper discussion and planning, our company decided to launch out the smart hula hoop which is easy to function at reasonable price in ~~more~~ creative ways.

### 2.2 OPPORTUNITY ANALYSIS

**Malaysia** is the country that has the **highest obesity rate** in Asia. Half of adults with abdominal obesity accounted for 52.6% last year, up from 48.6% in 2015. The adult ~~obesity~~ rate has also risen from 17.7% (3.3 million people) in 2015 to 19.7% in 2019. The number of ~~overweight~~ people has increased slightly, from 30% in 2015 to 30.4% last year. This means that as of 2019, half of adults (50.1%) in Malaysia are ~~overweight~~ or ~~obese~~. (CodeBlue,2020). Obesity is known to be a significant risk factor for many common causes of death. Obesity will cause many diseases, for example diabetes, high blood pressure, and ~~more~~. Smart Hula Hoops can help the person that has an obesity problem. It has real demand in the market because it can help to maintain health. Smart Hula hoops are still growing, and they have **replaced traditional hula hoops**. Buying fitness equipment is a healthy spending behavior, because people buy fitness equipment to maintain body health. ? irrelevant?

This product is a daily necessity, it can last-long. The demand is consistent over time, it can be used for long times. It's suitable for people that are lazy to ~~exercise~~. When these durable goods are selling

well, it generally indicates a positive economy. When sales are down, so is the health of the economy. The market did not have Smart Hula Hoops that have a lot of function. Our **Smart Hula Hoop** different from competitors such as can **burn fat, sculpt perfect body shape, massage body, count calories burnt** as well as entertaining. We bring value to customers; we help customers to reach a healthy level.

*Should have avoided to talk what the company do?*

### 3. BUSINESS OPPORTUNITY ANALYSIS

#### 3.1 DESCRIPTIVE ANALYSIS OF THE INDUSTRY

The growing popularity of treadmills, stationary bicycles, weightlifting machines among consumers is **expected to boost the market** of fitness equipment globally. Fitness Equipment Market size valued at USD 11.5 billion worldwide in 2019 is anticipated **to grow at 4% compound annual growth rate between 2020 and 2026**, according to Global Market Insights. Between 2014-2019 the fitness industry has seen an annual growth of 3.7%. (IHRSA Global Report, 2019)

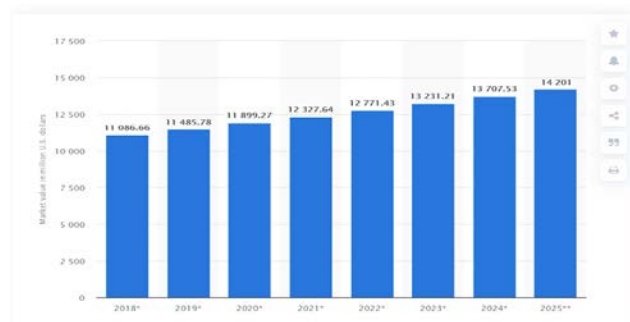
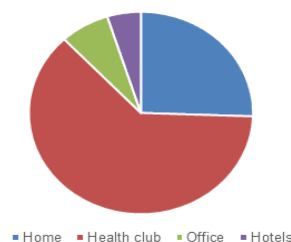


Chart 3.1.1: Fitness Equipment Market Value World Wide (2018-2025)  
(Global Market Insights)

The fitness equipment market size from home users is anticipated to **increase in the coming years** driven by sedentary lifestyles of consumers and tremendously rising health concerns during this coronavirus pandemic. (Global Market Insights)

U.S. fitness equipment market, by end-use, 2019 (Thousand Units)



Source: www.gminsights.com

Chart 3.1.2: U. S Fitness Equipment Market based on end-users

Malaysia?

(Global Market Insights)

The fitness industry now is much more concentrated on **digital home equipment**. It can be proved by the current activities by the key players of the industry in previous years. Companies such as *Life Fitness* (\$1.9 billion revenue), *SportArt* (\$44 million) and *Octane Fitness* (\$42 Million) have repetitively introduced their digital cardio equipment and connected apps in 2019.

### 3.2 PEST Analysis

#### **Political Forces**

Much effort has been put in by Malaysian government to address issues related to health services delivery, health awareness and healthy lifestyle and empowerment of individuals and communities to be responsible for their own health. The Malaysian Government has introduced a **wellness policy** which conducts routine medical examinations for government servants aged 40 and above to encourage them to have regular medical check-ups. Among the common medical problems detected were high blood pressure, obesity, high blood sugar and high cholesterol level. The Ministry of Health also introduced **My HEALTH Portal** under the **Multimedia Super Corridor (MSC) Telehealth Flagship Application**. Through this portal the public will be able to access current health information and health advice easily via the internet.

references?

unconvincing!

With these efforts by the government, Malaysia citizens including the baby boomers are able to take note of their current healthy condition. To prevent such diseases, they are increasingly focusing on their fitness and wellness. This will lead the fitness market to growth.

#### **Economic Forces**

According to the Asia Development Outlook 2020 (ADO 2020) of the Asian Development Bank (ADB), Malaysia's gross domestic product (GDP) is expected to fall by 4% this year. Asian Development Bank stated that Southeast Asia has suffered widespread declines in consumption, investment in fixed assets and trade. The **downward trend of investment in fixed assets may lead to a reduction in future production capacity** and subsequently affect potential output. In addition, **underemployment will also affect consumers' spending power**. In the first three quarters of 2020, due to MCO, most companies reduce working hours and limit the number of employees working at a specific time, causing unemployment to increase. (Dato' Sri Dr. Mohd Uzir Mahidin, 2020).

This holds down employer costs and increases profits. We are able to find quality employees with lower wages due to the high competition among the employees. Due to the unemployment, people are also now tended to stay at home.

unconvincing!

### Social Forces

unclear changes of consumer?

Malaysia is rated as the country with the highest rate of obesity and overweight in Asia with 64% of obese or overweight men and 65% of women (World Health Organization, 2019). The adult obesity rate rose from 17.7% (3.3 million people) in 2015 to 19.7% in 2019. The number of overweight people increased slightly, from 30% in 2015 to 30.4% last year. This means that as of 2019, **half of adults (50.1%) in Malaysia are overweight or obese** (CodeBlue, 2020). The main reasons are that Malaysians' **eating habits are greasy and unhealthy**. According to *The National Health and Morbidity Survey*, the sugar, condensed milk, and soy sauce, which contains salt are among the top ten foods consumed by Malaysians every day (Tan Shiow Chin, 2020). Nowadays, consumers are inclined to the concept of "**health is wealth**". A healthy diet, regular exercise and monitoring of health status have become a way of life. They hope to strengthen their immune system by improving their diet and increasing exercise frequency to avoid lifestyle-related diseases. Therefore, consumer's health awareness will affect the fitness industry.

### Technological Forces

**Magnetic therapy** is an alternative medical practice that uses static magnets to relieve pain and other health problems. This technology is now used by many gym rooms to relieve members' muscle pain after workout. This technology used in fitness industry also promote fat metabolism in order to achieve rapid fat loss and weight loss.

The global market size of **fitness apps** will reach over \$14.7billion US Dollars by 2026, according to a study published by *Polaris Market Research*. The increased diffusion of mobile devices coupled with the availability of high-speed internet services means many people are turning to apps.

+ references?

The **motion-controller gaming system** is a system that allows players to interact with the system through body movement. The fitness industry uses this technology because fitness is actually a behavior that is accompanied by repetitive, boring and slow feedback. For people with weak



willpower, it is easy to give up. The motion control game system can integrate RPG game elements into daily fitness actions. All fitness skills can evolve from simple to complex, so that users can exercise unconsciously while playing games, making fitness fun.

### **3.3 COMPETITOR ANALYSIS**

#### **ProCircle Fitness Training Products (Suzhou) Co. Ltd.**

ProCircle is a gym and fitness equipment supplier in China and was established in 2012 (Suzhou ProCircle International Co. Ltd., n.d.). They are supplying their product to Malaysia and sold on the My Big Warehouse- a sole e-commerce store located in Johor.

The **strength** of the ProCircle is they **gain big online market share**. In 2014, they ranked into top 10 in fitness suppliers on Alibaba.com. In terms of marketing and promotion, ProCircle has established a wide range of cross-border e-commerce platforms. For example, Alibaba, Amazon, eBay, etc. The **weakness** of the ProCircle is their **lack of physical Flagship stores** in Malaysia. This will cause inconvenient because consumers cannot try the product on-the-spot and check the quality before purchase, problem in process of warranty, etc. People **only** can purchase the product on the online platform.

#### **NuoTai Electronic Technology Ltd Company**

NuoTai Electronic Technology, a China limited company was founded in October 2009. The company's protective equipment, massager products and fitness equipment have been ranked among the e-commerce channel sales for many years in a row.

The strength of NuoTai is they has big technology companies in China which means it owns a **large development team and advanced technology** in order to help the company seek resources and produce more high-tech products for society. The **weakness** of NuoTai is its **official website design**. They only provide mandarin language in their official store. This will limit the customer engagement of NuoTai due to lack of languages and their target market will only **focus** on those people who own mandarin knowledge. (Nuotai, n.d.)



## SOLE Fitness Malaysia

SOLE Fitness Malaysia was built in October 2011 in Malaysia. SOLE has been recognized as the leading fitness equipment and accessories distributor for household and commercial purposes in Malaysia. They have various product lines which include the outdoor and indoor fitness equipment (Sole Fitness, n.d.).

The **strength** of the SOLE Fitness Malaysia is they have **wide customer engagement** which involved various aspects of industry. For example, TARUC KL Campus, Elder Centre, PNB Perdana Hotel & Suites Kuala Lumpur, Medical Centre, Sri Mahkota Management Corporation etc. The **weakness** of them is the **price is too high**. The price of the hula hoop that sold in their company is about RM199 (Appendix 1) compared to other sellers in market, similar features are only RM39 as their normal price (Appendix 2).

*Should have more Malaysia competitors?*

Competitive analysis grid has shown as following:

Competitive Factors	SaviorFit Company	ProCircle Fitness	SOLE Fitness Malaysia	NuoTai
<b>Price</b>	<b>2</b>	3	4	1
<b>Product Features</b>	<b>1</b>	2	4	3
<b>Customer Engagement</b>	<b>2</b>	4	1	3
<b>Brand Influence</b>	<b>4</b>	2	1	3
<b>Accessibility</b>	<b>2</b>	3	1	4
<b>Health benefit</b>	<b>1</b>	2	4	3

According to the competitive analysis grid, SaviorFit Company believes that the **product features and health benefits** are the **largest advantages** because our product composed various features and through using our product it is able to create motivation and bring health a lot of benefits to our customers.

Next, the price of the Savior Company is second rank. Based on the features and quality of our product, we believe that our price will make our customers feel worthy and satisfied. We will not

only provide better and quality service to the consumer that is in Penang State, and also will **expand** our **business** by commence many branches in other states such as Selangor, Perak, Johor and more states in order to **increase the customer engagement and brand influence**.

For **accessibility**, there is the second rank. SaviorFit will **focus on** both markets which are on the **online platforms** and **physical stores**. In short, we will not only provide better and quality service to the consumer that is near our physical store, we also will give the online consumer feel our sincerity on their purchase.

*unclear competitive advantage?*

#### **4. TARGET MARKET ANALYSIS**

##### **4.1 MARKET SEGMENTATION**

###### **Demographic Segmentation**

**Generation Z:** According to the research, it shows that Generation Z has the highest obesity rate among all generation (Childhood Obesity on the Rise in Generation Z, 2017). Their parents have paid a lot of money to ensure a healthy future for their children. Besides, according to a study by *Les Mills*, for regular exercisers, Gen Z is the most active, with **87% training 3 times or more per week**. They attach great importance to physical health, mental health and healthy eating, so Gen Z is very conservative in money, but they are willing to pay a high price for health.

**Generation Y:** Physical exercise and mental exercise are particularly popular among the Generation Y. According to the *2018 market survey*, 79% of people said that family is important to their lives, followed by **health and wellness (53%)**, friends (39%), and occupation (27%) (Katie Nermoe, 2018). Gen Y states that health and wellness is the second important among their lives. They are willing to spend more on health and fitness although their income is less than the previous generation. Fitness are the daily activities of generation Y. They believe that exercise is part of overall health, not the elderly who use exercise as a means of leisure and stay slim and "healthy".

###### **Behavioral Segmentation**

Due to the increase in obesity or cardiovascular diseases and other stress-related diseases, many consumers buy aerobic exercise equipment such as dumbbells, yoga mats or hula hoops. Most consumers who have fitness equipment **hope to lose weight** and **reduce stress levels** and all of these are the main factors in deciding to buy. For consumers, just buying equipment does not mean

that they will actually use it, especially because it is a new thing, so consumers prefer fitness equipment that can be used easily and not be complex. In fact, it is not uncommon for people to **overestimate the use of gym membership**. According to the survey of 5,313 gymnasium members by *Statistic Brain* found that 63% of their memberships were not used at all. Among them, 82% of gym members go to the gym less than once a week, 22% of members stop using it completely for 6 months and 31% say that they would never pay if they knew how much to use (Zachary Crockett, 2019). When they signed the contract, they thought it seemed to be a good deal to buy membership, but the fact is that going to the gym is hard to stimulate motivation. From reducing driving time to dividing exercise into convenient exercises, **purchasing fitness equipment directly is one of the most time-saving investments** that can be made. Consumers can exercise on their own schedule. They no need to be stuck running to the gym after busy work or trying to make it there before closing.

### Psychographic Factor

Nowadays, most people will **worry about their appearance** just to get a good impression from others (Walker, 2020). Based on study from the *Medical News Today*, it shows that the people with heavier weight will be easily marked with bad personality characteristics such as laziness and carelessness. In contrast, people with lighter body weight will get more positive impressions such as self-confidence and enthusiasm from society (Medical News Today, n.d.). Exercise and carry work out are always a first choice for those people to get perfect appearance and confidence. Besides that, due to the rise of the COVID-19 pandemic, it clearly causes people to know **how important health is**. Since people are aware about their health, people will try to focus more on finding ways to maintain a healthier lifestyle (Money Compass, 2020). One of the ways that can be considered in order to maintain a healthier lifestyle is through carry on sport activities. Thus, the Smart Hula Hoop is a good assistant in the health aspect too.

## 4.2 TARGET MARKET SEGMENT

The SaviorFit first target market of SaviorFit is **demographic segmentation**. We target the **generation Z**. According to the research, it shows that those children born in the mid-2000s after the millennial generation are facing obesity at an alarming rate. Children and adolescents are not

as active as the previous generation due to the change in the era of science and technology. Most parents will not order their children to do housework because they will rely on technology and it will soon indirectly contribute to the obesity problem in children. Our product is suitable for sports beginners like children <sup>unconvincing</sup> since they rarely get in touch with fitness equipment. Therefore, they can lose their weight starting from simple fitness equipment first such as our company's product, Smart Hula Hoop.

The second target market is based on the **psychographic factor**, which is the group of people who are **worried about their appearance**. According to the research from the *Medical News Today*, most of the people will think that heavier people are lazy and think badly towards them. Our target group believes that most people will try to judge a person's personality based on their body shape (Walker, 2020). In order to get a good-looking appearance, this target group will seek for solution in order to get a perfect body shape. Exercise and workout are always the best solution for them. Hence, the Smart Hula Hoop is one of the good choices for these people to solve their problem because it is cheaper than other multi-functional hula hoops and at the end will come out with a good result. <sup>unclean?</sup>

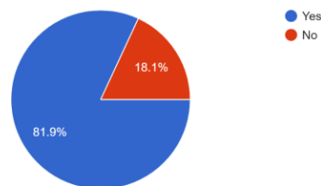
#### 4.3 CUSTOMERS' NEEDS AND WANTS

According to the *NCHS statistics*, 56.4% of women said they had tried to slim down whereas men only 41.7%. They **spend effort and energy, and money to register** a gym room membership, buy slimming products, diet and exercise with fitness equipment for lose weight. (JAMIE DUCHARME, 2018). This shows that they willing to spend on weight management and need a device to guide them to avoid them losing direction. <sup>poor connection?</sup>

Furthermore, from the study conducted by *Google survey with* a research firm The Modellers, the consumer concerns about **affordability** when choosing a **weight-loss solution**. Consumers tend to lose weight through an effective solution at an affordable price (Google Insight, 2020). Here, we believe that people will choose products or services that are cheaper rather than spend a lot of money on losing weight.

From the survey that we had conducted through *Google Form (Figure 4.3.1)*, there is 81.9% wish to stay at home to lose weight. Here, the information tells us that compared to spending time going out to exercise, carrying a workout with efficient fitness equipment ~~at home~~ will be rather needed by customers.

Do you wish to stay at home to lose weight? (e.g. Other than going to the gym room.)

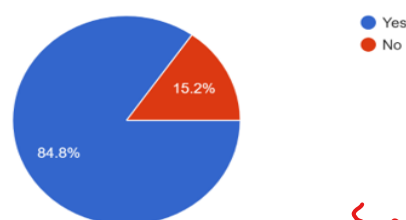


Source?

**Figure 4.3.1: Market survey for customers' needs and wants**

Next, according to the research team of Hannele Yki-Järvinen, the recovery of the **reduction of the waist** by using hula hoops is surprisingly large and it is **good for health** (PÄIVI LEHTINEN, 2019). According to the market survey that we have conducted through *Google Form (Figure 4.3.2)*, **84.8%** of people want a **way** that is **interesting** to lose weight which is losing weight through playing games. Meanwhile, they need to have the **motivation** to motivate them to **work out** frequently.

Are you wish to lose your weight through playing games?



Source?

**Figure 4.3.2: Market survey for the customers' needs and wants.**

There is still rarely fitness equipment that can lose weight with play games in the market. Hence, our product is unique to society because it is composed of different unique functions that can meet the preference, needs and wants of a loose weight or healthcare person.

unclear?

## 5. MARKETING PLAN

### 5.1 OVERALL MARKET POSITIONING STRATEGY

SaviorFit is to produce **advanced digital fitness equipment** with **multiple functions** that can let customer carry **indoor fitness** and maintain **healthy** lifestyle with one action at a reasonable price. Smart Hula Hoop is an **easy-to-learn equipment** that can quickly adopted. Unlike most sports' fitness equipment, we offer fun, comfortable, convenient, and easy ways to work out. Different from other fitness equipment such as treadmills, rowing machines, and elliptical machines, Smart Hula Hoop will be more convenient, space-saving, timesaving and cost-saving. Customers need not spend time going to the park or gym room. Besides exercising, customers can also enjoy massaging and entertaining on only one product.

Our tagline is “**Work Out Easy**” which wishes to carry out the **message of work out in a pain-free way and effectively and efficiently** by using our product. Our product is able to meet the preference, needs, and wants of the consumers in order to maintain fitness and healthy physical condition in one action. We offer a product that is suitable to be worked out frequently in order to let the consumers have a healthy lifestyle and assist the consumer to cultivate exercise habits.

### 5.2 MARKETING MIX (4PS OR 7PS) STRATEGY

#### Product

SaviorFit provides home fitness equipment, Smart Hula Hoop with unique features and multi functions, bringing our customers a **pain-free** and **effective** way to lose weight as well as maintain a healthy life.

Undeniable, losing weight and a healthy lifestyle has become a popular trend among the modern generation. As the progress of time, people nowadays are busy with their work and family, lacking time and effort to carry out workout or exercise. Lose weight is always a time consuming and exhausting challenge to all people. Smart Hula Hoop can perfectly solve these problems at the same time with unique features and several functions designed. It can burn calories and fat, sculpt perfect body shape, massage body, count calories burnt as well as entertaining at the same time.

The ways customers exercise with Smart Hula Hoop is different from other fitness equipment such as treadmill, stationary bicycle and elliptical trainers that require a lot of strength and power, and it

takes up space. Smart Hula Hoop is rather easy to work but customers will get the great result, and it is small to keep. *unclear?*

SaviorFit provides two packages to purchase:

a) the smart hula hoop and 300g gravity ball with gaming sensor

b) the smart hula hoop and 300g gravity ball without gaming sensor

The load-bearing modules will also be sold separately: 1 piece = 150g. Customers can increase their workout level by adding the load-bearing modules (max: 4 pieces, 600g) inside the gravity ball. The heavier the weight, the more intense the workout. The service of installation of gaming systems is attached along with the purchase. One free storage bag will be for every order.

With unique features and functions, SaviorFit Smart Hula Hoop is able to differentiate from competitors and fulfill consumers' needs and wants.

### Price

*+ unconvincing?*  
SaviorFit pricing objective is to win over the **confidence** of our target market and maximum customer **satisfaction**. We aim to establish, maintain, and strengthen the confidence of our customers that the price charged for our products is fair and worthy.

Smart Hula Hoop price is set based on a **value-added pricing strategy**. We focus on building the perceived value of our product. We add features and charge more for our value-added product. In return, consumers get more benefits from what they pay. The added values in our products justify a higher price in our customers' perception. Compared to other competitors, undeniable, our new home fitness equipment possesses features and values that can differentiate us from the market. We do not aim at cutting prices to match competitors but attaching value-added features to differentiate the products from competitors' offers.

*value based?*  
The price of Smart Hula Hoop is set between RM100-RM200. This price range is set below the customer perception on value and above production cost. American average monthly spends on fitness options (like classes or gym memberships) is between \$26-175 in 2019 (Market Watch, 2019). The price is set below the customer perception on value to derive maximum demand from

customers. Due to the high technology investment and advanced material used in the production of the product, the cost is rather high. SaviorFit set the price above production to gain profit.

*unconvincing?*

### Promotion

The first promotion tools that we will choose to promote our product is **social media**. In today's society, people are using social media. For example, Facebook, Instagram, WeChat. Our company SaviorFit will use these social media to promote and update our business activities. Through these social media, we are able to attract customers, build customers connections, get customer feedback and build customer loyalty. We will be using social media to do **live broadcasts** to introduce our product and function to customers.



*— should incorporate in write up?*

**Figures 5.2.1: Benefit of live broadcasts**

Apart from that, we will find Malaysia **Key Opinion Leaders (KOL)** to promote our products.

Key Opinion Leaders (KOL) is the key of our marketing strategy, it's brought a lot of advantages to us. KOL can help us target our ideal audience. Instead of posting Facebook ads or establishing a strong image on Google, it is better to contact KOLs like Massy Arias, which has 2.5 million followers and only publishes content related to health and fitness. Since Arias usually publishes organic health and fitness content and has proven to be an expert in the field, her fans are more likely to trust when recommending your products. Besides that, Key Opinion Leaders (KOL) also can help us generate sales. KOL can help us attract the attention of new products or increase brand awareness, both of which can help us increase sales. 82% of consumers said they would follow the advice of influential people, which is enough to show that KOL may have a huge impact on your profits.

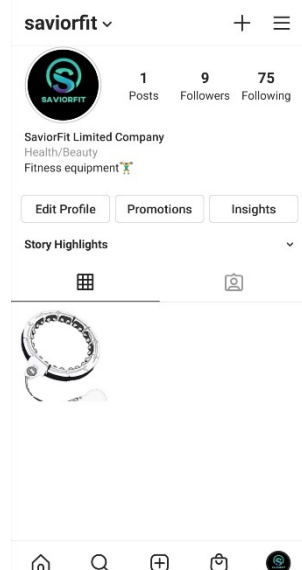
*Malaysia?*





**Figure 5.2.2: Key Opinion Leader in Malaysia**

We will boost our sales by doing **sponsor advertisements online**. The biggest benefit to advertising on the Internet is low cost, save time and effectiveness. The bet on online advertising is very important for both large and small businesses, because we can get better visibility for just a few dollars, which will undoubtedly translate into increased traffic to website and online sales. The advertising cost in Facebook is starting from RM5 per day and the advertising costs for Instagram are starting from RM6 per day and actually we can choose the promotion advertisement run for how much day.



**Figure 5.2.2: Using Instagram to do advertising**

## Place

SaviorFit is running **direct distribution**. In this channel, we buy raw materials from suppliers, manufacture and retail the finished products directly through physical and online stores. Direct channels may be shorter and less costly than indirect channels. By reducing intermediate transactions, we can save costs and lower the price of the final product.

Additionally, SaviorFit also follow the **multichannel marketing system**, selling its products through both physical store and online channel. The aim is to create an easy, inspiring and convenient shopping experience for customers. And enable them to move freely between the various channels and choose whether they want to shop and experience the offering in store, online or for example via social media. Our **physical store** is located at Georgetown, Penang, and will be expanded to other states in future. People can walk in, having a first-hand experience to test our product.

Besides that, SaviorFit also markets the product online. We create a **SaviorFit official website** and sell products through **online intermediaries** such as **Shopee and Lazada**. Customers can view the product photo, price, product review, model and customers' effect photo on our websites. Our team will **design, manage and maintain** the webpage to attract customers and ensure the webpage is always functional. Consumers can straightly place their orders on the websites. Through SaviorFit website, customers can choose from a list of available products and purchase them via online payment. Apart from this, we will also create an official account on **Shopee and Lazada** to market our product. Customers can search and buy our product through these online websites. We will let consumers know our products on different platforms to **increase exposure**.

Doing online business brings many benefits to us such as expanding our market to global, cost saving, fast delivery of products and opportunities to manage business from anywhere and anytime. Customers can ask any question that they did not understand through online. Our **customer service** will reply to the message within 15 minutes during working hours. Buying goods and services online has become a common habit of many people around the world. According to the research, published by *Statista Research Department, 2014*, the timeline shows the forecast for the number

of global digital buyers from 2014 to 2021. By 2021, it is estimated that more than 2.14 billion people worldwide will purchase goods and services online.

## 6. PRODUCT DEVELOPMENT / SERVICE OPERATION PLAN

### 6.1 DESCRIPTION AND DESIGN OF PRODUCT



**Figure 6.1.1: Product- Smart Hula Hoop**

Name	Smart Hula Hoop
Material	ABS PVC & Nylon Rope
Weight	1500g
Colour	Grey and White
Size	Adjustable
Add-ons	Gaming Sensor, Load Bearing Module 150/piece
Battery	Charge 1 Hour for 18 Hours
Warranty	1 year
Exchange and Refund	Only applied to Online Transaction
For People	Postpartum Mother/ Student/ Office Worker

**Table 6.1.1 Description of Smart Hula Hoop**

Benefits:	Features:
Burn Fat & Calories Effectively and Effortless	Smart Fitness Circle
Sculpt Body Shape	Accurate Counter
Space-saving & Light	360° Magnetic Massage
Workout Anywhere & Anytime	Gaming System
Save Time	Detachable Adjustable Length & Weight
Speed up Fat Metabolism	Smooth Sliding
Suitable to Everyone & Easy to Master	Adjustable Workout Level

**Table 6.1.2 Benefits and Features of Smart Hula Hoop**

Our product is Smart Hula Hoop. It is an **advanced version** of a traditional hula hoop. It can burn calories, sculpt your body, and count the calories burnt as well as massage your entire body. The hoop is composed of four main features: the smart fitness circle, accurate sensor, detachable and magnetic massage.

Instead of energy-eating manual spinning, this contains a gravity ball that only requires a **little force** to get the same or even more results to burn fats. The gravity ball is fastened on the counter. Spinning the weighted gravity ball for 18 mins will be able to burn 210 calories, equal to swimming for half an hour. Customers can easily swing their waist to bring the weighted-ball (with the counter) to spin freely through the hoop body. Customers **adjust** their **workout level** according to their ability by adding pieces of load bearing modules (150g/piece, max: 5 pieces) into the gravity ball. And the best thing is this hula hoop can be strapped so you **won't get bruised during workouts**. It can be easily carried by consumers anywhere and **space-saving**.

The hula hoop is equipped with a **built-in smart counter and app-connected**, which can accurately record the data of exercises and send it to the app on a mobile device. Besides calculating the calories burnt, the app also provides suggestions on exercise schedules, eating habits, and experiences from fitness enthusiasts. Customers will be able to manage a proper schedule to exercise and improve their lifestyle based on professional opinion.

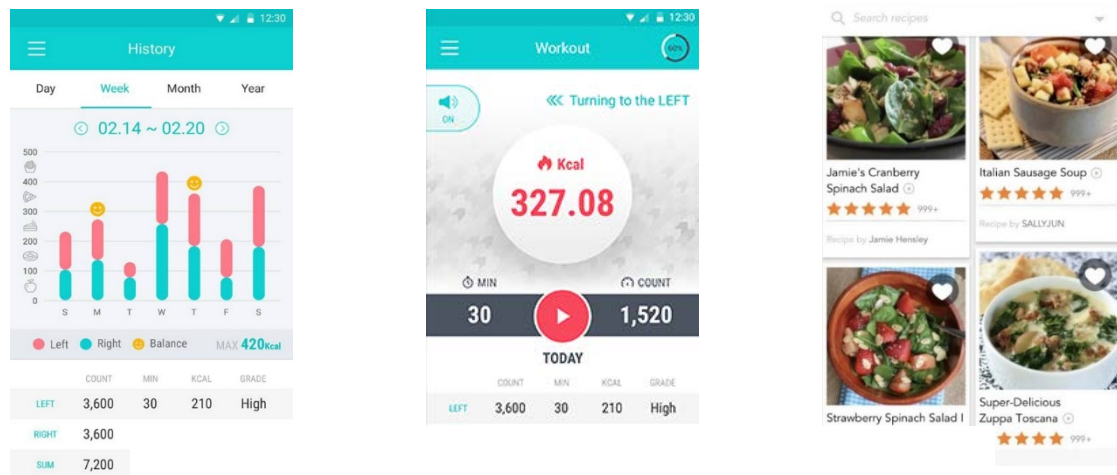


Figure 6.1.2: SaviorFit's Smart Hula Hoop Connected App

Based on the **detachable design**, the hoop can be adjusted to fit different waist sizes, making the hoop **never fall**. Thus, it should say that everyone in this world can master this exercise quickly, no matter fat or slim, sport expert or sport beginner.

The **360° massage magnetic disks** are embedded in every section. Beside relaxing the muscle and relieving pain, the soft silicone massage balls that involve **magnetic therapy technology** also help to **promote fat metabolism** and achieve rapid fat loss and weight loss.

The **motion gaming system** attached with Smart Hula Hoop makes an unmotivated person willing to carry a workout in the mode of gaming through the app installed in Smart TV, and different levels of challenge and game types are set.

The **warranty** is only given to purchasing at SaviorFit physical store and official online store. The frame of warranty is given for one years upon the date of purchasement under normal use and service and shall be free of manufacturing defects in workmanship and material.

6.2 ANALYSIS OF QUALITY

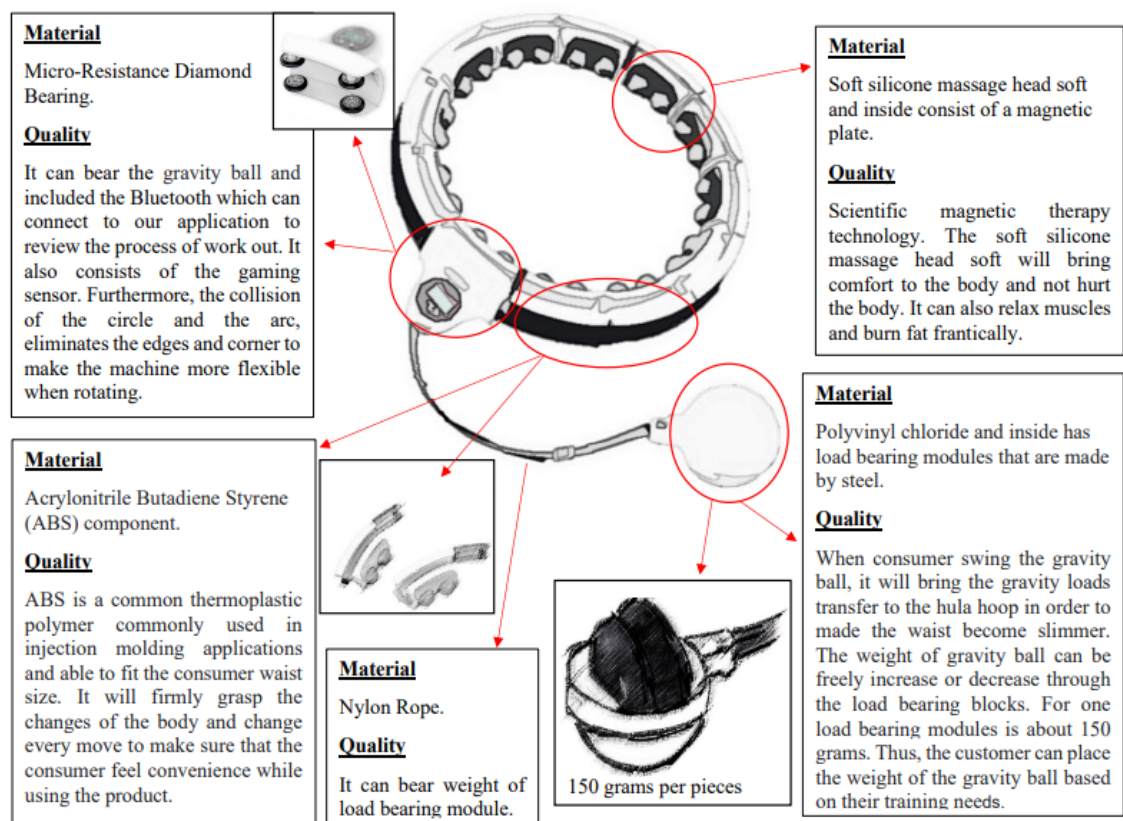


Table 6.2.1: Quality of Smart Hula Hoop

These three materials can be provided unique features for our product:

Acrylonitrile Butadiene Styrene (ABS)

ABS is a durable and reliable material that has excellent impact strength and it no need to be maintained frequently. ABS is general-purpose lightweight thermoplastic that is widely used in electronic housings, consumer goods, Lego toys, etc. (Omnexus, n.d.). It is a material approved by the “SIRIM”. (SIRIM QAS International Sdn. Bhd, n.d.).

Polyvinyl Chloride (PVC)

PVC is a common thermoplastic polymer, which is widely used in construction industries to produce door and window profiles, wire and cable insulation, medical equipment, etc (Omnexus, 2020). Furthermore, it is a SIRIM certified product in Malaysia. (SES, 2016)

## Soft Silicon

Soft silicon is one of the neat and safe rubber. For example, compared with natural rubber, silicone has chemical stability and volatility, and can be commonly used in industries that people often contact, such as food manufacturing and medical treatment (Jenkins, 2017). This raw material has been approved by SIRIM Malaysia. (SIRIM QAS International Sdn. Bhd, n.d.).

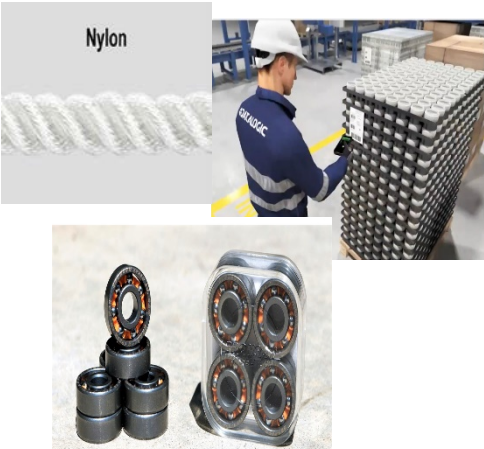

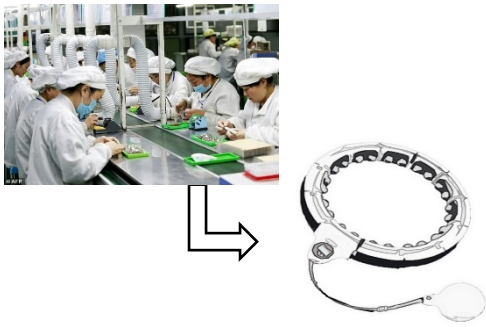
Lastly, the overall quality of the Smart Hula Hoop is very high, it is very firm after installation, and it is particularly comfortable to turn. The hula hoop is a detachable design, with a high appearance, and the material is very comfortable to touch. It humanized upper and lower locks and was simple to operation. We design this product for customers to stay away from smoke, ultraviolet rays, etc. Exercise at home, no excuses for laziness, no need to endure the harsh environment outside. Customers can also apply multifunction (workout, healthy, and entertaining) in only one product at reasonable price.

*unclear recognition of quality analysis?*





6.3 PRODUCTION AND PREPARATION

Production:

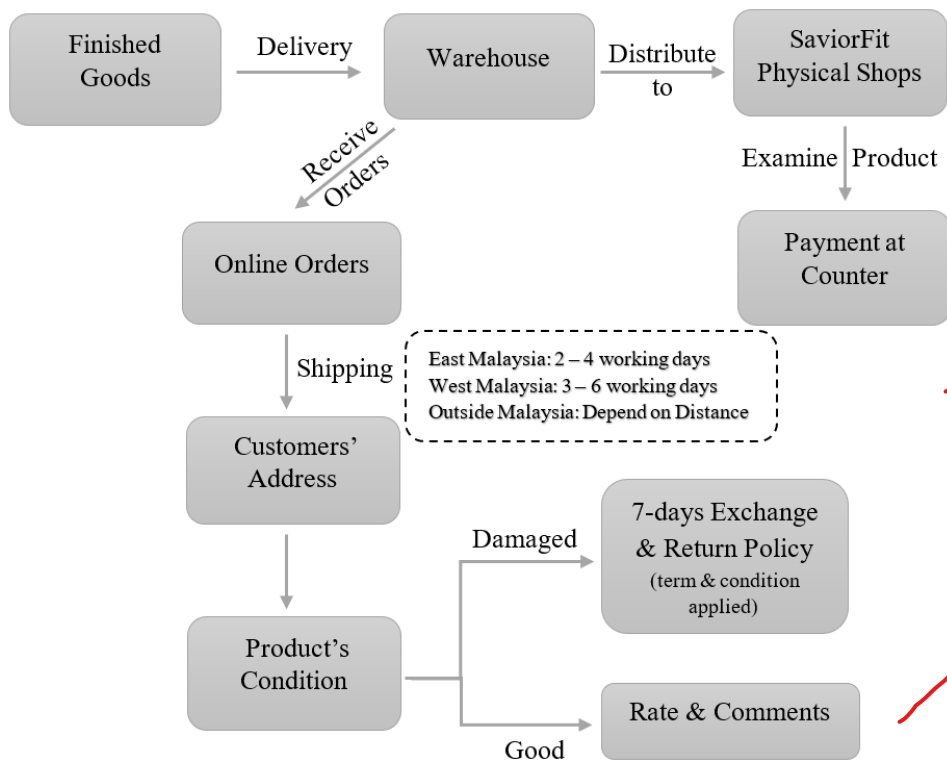
 <p>The image shows a close-up of a thick, white, braided nylon rope. Below it, there are several black, cylindrical load bearing modules, some of which are stacked. In the background, a worker in a blue uniform and white hard hat is standing next to a large stack of similar modules in a warehouse setting.</p>	<p><b>1. <u>Collection of raw material.</u></b></p> <p><b>Purchases</b> the following <b>raw material</b> from the supplier.</p> <ul style="list-style-type: none"><li>• Micro- Resistance Diamond Bearing.</li><li>• Acrylonitrile Butadiene Styrene (ABS).</li><li>• Nylon Rope.</li><li>• Polyvinyl chloride (PVC).</li><li>• Soft silicone.</li><li>• Steel load bearing modules.</li></ul>
 <p>The top image shows a welder wearing a yellow helmet and gloves, working on a large, circular metal component, with bright sparks flying from the welding point. The bottom image shows three workers in a factory setting, working on a complex assembly line with various mechanical parts and tools.</p>	<p><b>2. <u>Production of each components.</u></b></p> <p>Digital counter, sections embedded with soft silicon massage, gravity ball, and game sensor</p> <ul style="list-style-type: none"><li>• First, we use the <b>ABS</b> to produce the splicing shape and use the <b>soft silicone</b> to produce the sections embedded with soft silicon massage to form the 360° waist belt.</li><li>• Second, we use the <b>micro-resistance diamond bearing</b> to produce the digital counter and game sensor, and Bluetooth button in order to connect the app.</li><li>• Third, we use the <b>PVC</b> to create a spherical gravity ball in order to carry the <b>load bearing modules</b>.</li></ul>
 <p>The image shows a group of workers in white lab coats and hairnets working on a production line. Below them, there is a diagram of the final product, which is a circular device with a digital counter and a gravity ball attached by a cord. An arrow points from the workers to the diagram.</p>	<p><b>3. <u>Assembling and installation.</u></b></p> <p>Assemble and install every component into final good:</p> <ul style="list-style-type: none"><li>• Connect the digital counter and spherical gravity ball by using the nylon rope.</li><li>• Assemble and install the digital counter and waist belt.</li></ul>



	<p>4. <b><u>Testing the final good.</u></b></p> <ul style="list-style-type: none"> <li>• Test the functionality and stability of the product in order to measure no defective product.</li> <li>• If fail: <ul style="list-style-type: none"> <li>- Evaluate the problem then <b>decomposed</b>. Then, <b>return</b> to stage two.</li> </ul> </li> </ul>
	<p>5. <b><u>Packaging and transfer to warehouse.</u></b></p> <ul style="list-style-type: none"> <li>• Packaging the final good and then transfer to the warehouse in order to prepare deliver to the retail store.</li> </ul>

The most important and complicated stage belong to stage two: Production of Every ~~Component~~. This is because there are many detailed works carried in stage 2. Since the amount of raw material is quite expensive due to the good quality so the stage two cannot exist any ~~mistake~~. If stage two fails, the company will need to bear a large amount of loss and all the production ~~activities~~ have to be delayed too. Furthermore, the defective products will be sent back to this stage. The workers will evaluate the problems occurred and record them. The defective products will ~~be~~ decomposed and back into production.

### Preparation and delivery process:



**Flow Chart 6.3.1: SaviorFit's delivery process**

Customers are reminded to **examine** the condition and functionality of the product. Once the payment is done at the counter, refund is strictly NOT allowed even showing the original receipt. With available warranty, SaviorFit will only provide the **repair service** under normal use.

The **7 days exchange and return policy** only applied to online purchase under the condition that item is damaged/ defective(manufacturing) during delivery. Customers are required to snap a photo to our **customer service**. After the confirmation, customers are required to ship back the product to the address that the customers service have given or proceed to the nearest physical store for further claiming. We will be responsible for shipping fees incurred in the returning process, and rebates and free gifts will be given to express our apologies.

## 7. FINANCIAL PROJECTIONS

### 7.1 START-UP BUDGET

Our company will require a total capital RM516,600 to start-up own business. Our sources of funds are come from founders and bank loan. The amount of RM250,000 paid in capital will be contributed by the 5 founders' capital which is RM50,000 each. Then, another RM266,600 will be borrow from bank loan, which is for 10 years and 4% interest p.a. This amount will be used in full as it is equivalent to our expenditure in the first year. In our start-up budget, we have estimated RM362,650 for capital expenditure, RM10,000 for deposit and prepayments, RM16,750 is for pre-operating expenses and RM127,200 is for 6 months' working capital. The total amount is RM516,600.

SaviorFit Ltd. Company			
Start-up Budget			
Item		RM	RM
<b>Capital Expenditure:</b>			
Machinery		120,000	
Motor Vehicles		60,000	
Renovation Cost		120,000	
Furniture and Fittings		32,150	
Office Equipments		30,500	
<b>Total Capital Expenses</b>			362,650
<b>Deposit &amp; Prepayments:</b>			
Rental deposit (2 months)		8,000	
Utilities deposit		2,000	
<b>Total Deposit &amp; Prepayments</b>			10,000
<b>Pre-Operating Expenses:</b>			
Business Registration and obtain license		3,000	
Logo design		450	
Market survey		500	
Recruitment		600	
Staff training		3,000	
Location selection		200	
Pre-launch		9,000	
<b>Total Pre-Operating Expenses</b>			16,750
<b>Working Capital (6 months):</b>			
Staff Salaries		88,800	
Rental		24,000	
Utilities (water, electric, internet, telephone)		14,400	
			127,200
<b>Total Investment</b>			<b>516,600</b>
Paid-in Capital			250,000
*Bank loan			266,600
<b>Total Financing</b>			<b>516,600</b>

Figure 7.1.1: SaviorFit' start-up-budget

Financial Assumption		RM
1	Annual license-business & signboard	900
2	Annual accounting, audit, legal & secretarial fees	3,750
3	Annual insurance-fire,burglary,product liability	13,500
4	Annual directors' remuneration	13,000
5	Monthly utilities- water, eletric, internet, telephone	2,400
6	Monthly utilities-increase 2 % in Year 3	2,448
7	Monthly warehouse rental	1,200
8	Monthly staff salaries-Year1 & 2	14,800
9	Monthly staff salaries-Year 3 (increased by 2%)	15,096
10	Monthly EPF & SOCSO@ approx. 13% of wages (Y1 & Y2)	1,924
11	Monthly EPF & SOCSO@approx. 13% of wages (Y3) (increased by 2%)	1,962
12	Monthly equipment repairs & maintenance	1,400
13	Quarterly Advertising & Promotion	2,250
14	Loan Tenure	10 years
15	Loan interest	4%

**Figures 7.1.2: Financial Assumption**

- Capital Expenses referring to Appendix 3.

## **7.2 PRO FORMA INCOME STATEMENT**

At the top of Statement, RM900,000 is the total amount of money our company estimated brought in from sales of products and services. The Cost of Sales (COGS) is the amount a company directly spends to produce products and services. After deducting the COGS, they will make a gross profit of RM630,000. It is considered as 'gross' because still certain expenses have not been deducted. In the next section it deals with operating expenses. It is different from COGS because operating expenses is an expense used to support the company's operations in a given period such as staff salaries, warehouse rental. It cannot spend directly on the production of products or services. Our company leftover RM231,736 after paying all the expenses. This amount represents the net profit in Year 1. Besides, we estimate the sales will increase 5% and 10% respectively in Year 2 and Year 3. It is showing an upward trend of sales. After deducting all the expenses, we are expected to have RM507,117 and RM1,267,862 of net profit in Year 2 and Year 3.

Pro Forma Profit and Loss Statement						
SaviorFit Ltd. Company						
Pro Forma Profit and Loss Statement						
	2021 Projected		2022 Projected		2023 Projected	
	RM	RM	RM	RM	RM	RM
<b>Sales</b>	900,000		1,253,474		2,345,406	
(-) Cost of sales	-270,000		-376,042		-703,622	
<b>Gross Profit</b>		630,000		877,432		1,641,784
<b>Operating expenses</b>						
Pre-Operating expenses	16,750					
Annual license-business & signboard	900		900		900	
Annual accounting, audit, legal & secretarial fees	3,750		3,750		3,750	
Annual insurance-fire,burglary,product liability	13,500		13,500		13,500	
Warehouse rental	14,400		14,400		14,400	
Utilities	28,800		28,800		29,376	
Staff salaries	177,600		177,600		181,152	
EPF & SOCSO	23,088		23,088		23,544	
Equipment repairs & maintenance	16,800		16,800		16,800	
Advertising & Promotion	9,000		9,000		9,000	
Depreciation: (refer Appendix 3)						
Renovation	24,000		24,000		24,000	
Motor vehicles	36,000		36,000		36,000	
Furniture and fittings	6,430		6,430		6,430	
Office equipment	7,625		7,625		7,625	
Interest expense (4%)	19,621		8,421		7,445	
<b>Total Operating Expenses</b>		398,264		370,314		373,922
<b>Net Profit/(Loss)</b>		231,736		507,117		1,267,862

**Figures 7.2.1: SaviorFit' Pro Forma Profit and Loss Statement for 2021, 2022& 2023**

- Projected Sales of Company Referring to Appendix 4.
- Breakdown of Annual/ Monthly fees referring to Appendix 5.
- Breakdown of salary, EPF & SOCSO referring to Appendix 6.

### **7.3 PRO FORMA CASH FLOWS STATEMENT**

Cash flow projected is a breakdown of the funds expected to flow in and flow out of the business. In this Statement, in addition to bank loans and capital, our company estimates that there will be a cash inflow of RM630,000 in sales of products and services in Year 1. Below the cash outflow has listed all the expected outflow expenses. The amount of RM427,612 at the bottom line is our company estimated income in Year 1 after deducting the estimated expense. Then, this amount will be carrying over to act as the Year 2 opening balance. In Year 2 and Year 3, we estimate there will be a cash inflow of RM877,432 and RM1,641,784 from the sales of products and services. After deducting the estimated expenses each year, it can be seen from the Cash Flow Statement, there are the positive cash flow at the end of the period. It indicates our company liquidity assets are

increasing every year. Our company is able to pay off debts, pay expenses and return funds to shareholders.

Pro Forma Cash Flow for 2021, 2022 & 2023						
SaviorFit Ltd. Company						
Pro Forma Cash Flow for 2021, 2022 & 2023						
	2021 Projected		2022 Projected		2023 Projected	
	RM	RM	RM	RM	RM	RM
<b>Opening Balance</b>		0		427,612		985,754
<b>Cash Inflow</b>						
Paid in capital (refer Figure 7.1.1)	250,000					
Bank Loan (refer Figure 7.1.1)	266,600					
Sales	630,000		877,432		1,641,784	
<b>Subtotal</b>		1,146,600		877,432		1,641,784
<b>Cash Outflow</b>						
Pre-operating expenses	16,750					
Rental deposit (2 months)	8,000					
Utilities deposit (electric & water)	2,000					
Capital Expenses (refer Figure 7.1.1)	362,650					
Annual license-business & signboard	900		900		900	
Annual accounting, audit, legal & secretarial fees	3,750		3,750		3,750	
Annual insurance-fire, burglary, product liability	13,500		13,500		13,500	
Warehouse rental	14,400		14,400		14,400	
Utilities	28,800		28,800		29,376	
Staff salaries	177,600		177,600		181,152	
Monthly EPF & SOCSO	23,088		23,088		23,544	
Equipment repairs & maintenance	16,800		16,800		16,800	
Advertising & Promotion	9,000		9,000		9,000	
Loan repayment of principal	22,129		23,031		23,969	
Interest payment (6%)	19,621		8,421		7,445	
<b>Subtotal</b>		718,988		319,290		323,836
<b>Surplus</b>		<b>427,612</b>		<b>985,754</b>		<b>2,303,702</b>

**Figures 7.3.1: SaviorFit' Pro Forma Cash Flow for 2021, 2022& 2023**

## **7.4 PRO FORMA BALANCE SHEET**

The balance sheet is divided into two parts, which must be the following equation: (Assets = Liabilities + Shareholders' Equity). This means the assets are balanced with the financial obligations and equity investment and its retained earnings. Assets are used to operate business and the Liabilities and Equity are the sources used to support Assets. The current assets usually have a lifespan of one year or less, which means they can be easily converted into cash. Non-current assets can refer to tangible assets such as machinery, motor vehicles or so on that have been mentioned in the Balance Sheet, all of these are not easily turned into cash. They have a lifespan of more than one year. In the Balance Sheet, the depreciation of the non-current assets is calculated and deducted

from the assets and the amount after deducted represents these assets' economic cost in its useful life.

Liabilities are the financial obligations owed to the external parties by company. Current liabilities are liabilities that the company will mature or have to repay within one year and non-current liabilities is the outstanding debt held by the company with a maturity date of 12 months or more such as bank loan for 10 loan tenure. It is considered as a long-term liability. Besides, Shareholders' Equity is referring to the funds initially invested in the company plus any retained earnings, which is the source of funds for the company's business. As can be seen from the above balance sheet, the value of Assets is equal to the sum of Liabilities and Shareholder Equity, therefore this balance sheet is in a balanced state.

Pro Forma Balance Sheets for 2021, 2022& 2023				SaviorFit Ltd. Company			
				Pro Forma Balance Sheets for 2021, 2022& 2023			
End of:	Year 1:2021(RM)	Year 2:2022(RM)	Year 3:2023(RM)		Year 1:2021(RM)	Year 2:2022(RM)	Year 3:2023(RM)
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current Assets</b>				<b>Current Liabilities:</b>			
Cash (refer Appendix 7.3.1)	427,612	985,754	2,303,702	Accounts payable	0	0	0
Deposits & Prepayments	10,000	10,000	10,000	<b>Long-term Liabilities:</b>			
Account Receivables	0	0	0	Bank Loans	244,471	221,440	197,471
Inventory	0	0	0				
<b>Total Current Assets</b>	<b>437,612</b>	<b>995,754</b>	<b>2,313,702</b>	<b>Total Liabilities</b>	<b>244,471</b>	<b>221,440</b>	<b>197,471</b>
<b>Non-current Assets (Fixed Assets):</b>				<b>Shareholders' equity:</b>			
Renovation cost	96,000	72,000	48,000	Paid-in Capital (refer Figure 7.1.1)	250,000	250,000	250,000
Motor Vehicles	144,000	108,000	72,000	<b>Retained Earnings</b>	231,736	738,854	2,006,716
Furniture and Fittings	25,720	19,290	12,860	(cumulative)			
Office Equipments	22,875	15,250	7,625				
<b>Total Non-current Assets (Fixed Assets)</b>	<b>288,595</b>	<b>214,540</b>	<b>140,485</b>	<b>Total Shareholders' Equity</b>	<b>481,736</b>	<b>988,854</b>	<b>2,256,716</b>
<b>Total Assets</b>	<b>726,207</b>	<b>1,210,294</b>	<b>2,454,187</b>	<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>726,207</b>	<b>1,210,294</b>	<b>2,454,187</b>
<b>***Workings for long term liabilities :</b>							
<b>1 . Loan</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>				
Loan	266,600.00	244,470.88	221,440.19				
Loan repayment	22,129.12	23,030.69	23,969.00				
<b>Year-end Loan Balance Outstanding:</b>	<b>244,470.88</b>	<b>221,440.19</b>	<b>197,471.19</b>				
<b>**Workings for Retained Earnings:</b>							
	<b>2021</b>	<b>2022</b>	<b>2023</b>				
	231,736.13	231,736.13	738,853.59				
		507,117.46	1,267,862.39				
	<b>231,736.13</b>	<b>738,853.59</b>	<b>2,006,715.98</b>				

**Figure 7.4.1: SaviorFit' Pro Forma Balances Sheets for 2021, 2022& 2023**

- Ratio & breakeven Analysis referring to Appendix 7.

Improvement needed on referencing?

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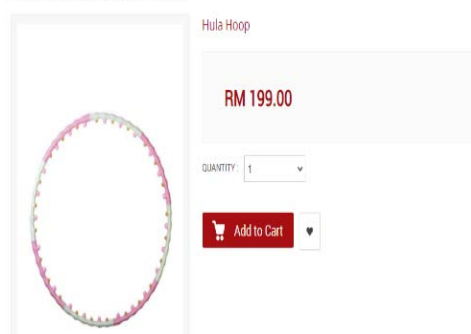
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## 9. APPENDICES

Home > Core & Rehab > Balance Ball & Boards > Hula Hoop



Appendix 1: Price of hula hoop on the SOLE Fitness.  
(Sole Fitness, n.d.).



Appendix 2: Another seller's price of hula hoop from Shopee. (Similar feature)

Capital Expenses			
Motor Vehicles			
Items	Price per unit	Units	Total (RM)
1. Van	30,000	2	60,000
<b>Total:</b>			<b>60,000</b>
Renovation			
Items	Price per unit	Units	Total (RM)
1. Renovation & declaration			150,000
<b>Total:</b>			<b>150,000</b>
Furniture & Fittings			
Items	Price per unit	Units	Total (RM)
1. Desks	330	15	4,950
2. Chairs	200	20	4,000
3. Filing cabinets	300	6	1,800
4. CCTV camera	200	7	1,400
5. Fan	2,500	8	20,000
<b>Total:</b>			<b>32,150</b>

Office Equipments			
Items	Price per unit	Units	Total (RM)
1. Computer	2,600	10	26,000
2. Printers	525	4	2,100
3. Fax machine	600	4	2,400
<b>Total:</b>			<b>30,500</b>
Annual depreciation			
Items	Cost (RM)	Life (Years)	Total (RM)
1. Renovation cost	120,000	5	24,000
2. Motor Vehicles	180,000	5	36,000
3. Furniture and Fittings	32,150	5	6,430
4. Office Equipments	30,500	4	7,625
<b>Total:</b>			<b>74,055</b>

Appendix 3: Detail of Capital Expenses

Appendix 7.2.1			
Projected Sales of SaviorFit Ltd. Company			
<b>Estimate year one revenue (2021)</b>			
625 people x RM120 (each customer spent RM120) = RM75,000			
Total sales for year one= RM900,000			
<b>Estimate year two revenue (sales increase by 5% annually)</b>			
RM900,000 x 1.05 / 12= RM78,750 (monthly sales increase by 5%)			
Total sales for year two= RM1,253,474			
<b>Estimate year three revenue (sales increase by 5% annually)</b>			
RM1,253,474 x 1.05 / 12 = RM109,678.95			
RM109,678.95 x 1.10 = RM120,646.84 (monthly sales increase by 10%)			
Total sales for year three = RM2,345,406			

Appendix 4: Projected Sales of SaviorFit.

Breakdown of Annual/Monthly fees			
Utilities fees			
Particular	Month	Monthly	Annual
Water	12	400	4,800
Electric	12	1,500	18,000
Internet and Telephone	12	500	6,000
Total:		2,400	28,800
Annual License Fees			
Particular	Month	RM	
Business license	12	350	
Signboard license	12	550	
Total:		900	
Annual secretarial fees			
Particular	Month	RM	
Tax Agent	12	1,300	
Auditors	12	2,450	
Total:		3,750	

Appendix 5: Breakdown of Annual/ Monthly Fees.

Breakdown of salary, EPF & SOCSO			
Monthly Salary			
Salary of employee	Number of personnel	Total salary	
3,500	1	3,500	
2,600	2	5,200	
3,700	1	3,700	
1,200	2	2,400	
Total		14,800	
SOCSO Contributed by Employer			
Salary of employee	Number of personnel	Rate	Total
3,500	1	1%	35
2,600	2	1%	52
3,700	1	1%	37
1,200	2	1%	24
Total			148
EPF Contributed by Employer			
Salary of employee	Number of personnel	Rate	Total
3,500	1	12%	420
2,600	2	12%	624
3,700	1	12%	444
1,200	2	12%	288
Total			1,776
Total SOCSO & EPF(per month)=		1,924	
Total SOCSO & EPF(annual)=		23,088	

Appendix 6: Breakdown of salary, EPF & SOSCO

