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Capital Iron

Business Plan

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# Summary

Capital Iron is a

# Current Business Model

Capital Iron’s current business is centered around selling products to people on lower Vancouver Island. They are well established on the lower island as a place where people can buy all manner of useful things from power tools and kitchen wares to clothing and camping gear. Because they are so well established they haven’t felt the need to expand and evolve with the internet age.

As a retail store, Capital Iron’s main business partners are their suppliers. It is important for the success of any retailer to maintain a good relationship with all its suppliers. To help foster this relationship, Capital Iron has made exclusivity agreements with several companies, insuring that they are the only people selling their products in Victoria.

This type of relationship can be very profitable for a business, because if those products become popular enough, instead of other stores in town taking some of the market share for themselves Capital Iron’s sales will go up and they can order more of that product. This strategy also works in reverse where if the product isn’t selling, instead of assuming customers are going somewhere else to buy the product, they can assume that people don’t want it and can simply drop it.

Capital Iron doesn’t do a lot in the form of advertising, and relies primarily on word of mouth to advertise their business. This method however mostly reaches older people and young families who want a one-stop-shop to get the shopping done quickly. There only other form of advertising is their flyer in the newspaper and on their website to draw people in with deals.

A lot of Capital Iron’s value comes from their image as a small local store. This image is what allows them to stay in business even with bigger stores like Walmart coming to Victoria. Despite having higher prices than larger stores Capital Iron has something they don’t have, a good reputation. Capital Iron is known throughout the lower island as a place to get reliable products of all kind and always having a large stock to choose from. This further differentiates it from larger stores, where although one might be able to get a wider selection might not have the same reliability and quality as Capital Iron

# Proposed Improvements

## Marketing

Capital Iron currently does very little of its own advertising and relies on word of mouth to draw customers to its business. Because Capital Iron is an extremely local business this strategy has worked for them so far, However due to their out of the way location and unchanging stock they fail to appeal to young people. To increase their client base we suggest that they create ads for

## Stock

## Online Presence

### Design Considerations

An attractive, functional, informative and at the same time plain and easy to use web interface of a company is of paramount value in the age of digital and mobile technology. It is not at all a secret that an adequate presentation of a company online can bring about drastic changes to the company's perception and acceptance by the customers, and as a result, greater success and revenues. It is more so for digital companies than it is for ordinary retail merchants, but nevertheless cannot be neglected.

We feel that the online representation of Capital Iron has room for improvement. It is a matter of opinions and arguments what a well-polished website should look like. Before immersing into details, let us ask ourselves the following simple question: who are the majority of people who log onto the company's website, and what are they visiting it for? In other words, why did they have to type “capitaliron.net”?

Will they be other merchants or potential partners, looking for the manager's contacts to propose and sign an exciting deal? Or government audit employees who will check the business on compliance to regulations? Of course not. The answer is very simple: the majority of web site visitors are ordinary people who are often referred to as “potential customers”. Why did they bother to visit the website? Here are the top reasons:

* to find the location or hours of the store
* to find whether the store sells a particular item (oops!)
* to find out what the store is about in general, and what they sell
* to find out if there are deals this week (in a hope that the deals are being posted online starting this week)
* to check out the company's website
* other reasons (what is the history of the store; will the store manager like to seal a particular good deal about a product that I have; and so on)

It is based on these considerations that the store website should be crafted. Unfortunately, as is quite often the case with major retail stores, government companies and community service organizations, the website of Capital Iron, too, was designed and created based on some other, unknown considerations, or so it seems. While we admit that the users will very easily find the store address and hours of work (these are carried onto the front page of the site), other pieces of information which we listed above are harder to find.

There is definitely the store's emphasis on the historical value of the store, taking its roots to the first half of the XXth century. This definitely should be made available, but in a location other than the middle of the front page. Although moving the historical description out of the way may seem like an act diminishing the legacy of the company, this can be easily made up for by creating an intimate and unique style of the website – an “antique” theme which creates the proper mood, colors and “lights”. This would be akin to how christmas lights or fir branches and snowflakes change the perception of a web-site during the christmas season (another well-known example is the naval / pirate / warehouse style used my many stores – Roots, Garage etc). This is where the pictures of the interior and exterior of the store will greatly assist and the customer will always “receive” the store in a correct setting.

### Use the real estates wisely

The other reason why the current historical references sitting in the middle of the front page are somewhat disadvantageous is because they make an impression that the content designer did not have anything to fill the page with. Indeed the website makes an impression as a huge waste of space, where the owner just could not come up with anything to write about.

There is definitely a lot of useful information which can be put on the website. Besides the store's address and hours, this should be the information about the store products themselves. If this is combined with the proper theme, the website will “feel” the same as the actual store. Current layout only shows the department names, and nothing at all about the individual products.

We will discuss the product / catalog / departments aspects below, but before that let us talk about and underline the importance of simplicity of a website. Although, again the company's page does not make an impression of an information-overloaded heap, a three-column layout has nowadays a tendency of being considered old and “overwhelming”. In other words, if things can be put into two columns (or better yet one), the information perception will be considered a lot more positively by the visitors. And why this is important we need not repeat. Modern websites with grand images sitting in the background do a very good job at presenting information concisely, linearly and yet in an open manner. The functions of the images are multiple – first, as we said, they create the “historical” theme; second – they can be used as a silent and unobtrusive advertisements. Imagine a happy family on a camping trip sitting near the tent, or on a kayak trip. Or a happy woman wearing winter clothing in the snowy mountains. There are endless possibilities to make such advertisements, the content of which fits well with the department being displayed. And third, finally, is the display of the products themselves. How exactly to order and arrange these types of images is the next level of detail.

### Departments and Catalogs

The current version of Futureshop.ca gives a good (although not ideal) example of how a website loaded with products might look like. Capital Iron has the advantage of a significantly less number of departments. It should be possible for the user to see the image of each product where it is reasonable. A product must of course be accompanied with a description and technical or other specifications where applicable. And, what is also important, and shown advantageous by both Futureshop and Canadian Tire, the product detail should include rating and customer feedback or customer reviews. The absence of these in our digital and social-networking age is beyond any justification. Optional “Like”, “Share”, “Twit” may be included as well.

But the images of the individual products do not form the core of the web-site tree — they are “leaves”. The tree itself with its branches must be formed by the store departments — which also should include realistic and reasonable images of the departments, such as shelves with typical products that sit in the department, or an isle which would exhibit something similar. The user, having clicked on the department name, goes like this “Right! This is what I need!”. Again, the current version of the website does not show literally any specific information.

The presence of catalogs and/or weekly flyers is also considered advantageous by many customers. The flyers give some “snackfood” to digest for frequent visitors, while the catalogs offer a “magazine” experience for those people, well, who like magazines. These features can be accompanied by discount coupons, deals, and email subscription opportunities. If done wisely and non-obnoxiously, these tools can increase the customer satisfaction with the resource, as, for many, a site lacking these options feels like an “incomplete” web-site, where something is missing.

Summarizing, we think that it is possible to combine a modern architecture of a web-site with the historical legacy of the company, to simplify and at the same time fill in the content of the site, and to provide it with some key popular online features. Youtube videos are awesome, but they do not normally form the core of the department content. Going modern, and at the same time staying “antique” or “historique” is quite possible. The goal is to make the structure of the website as linear as possible, to include (relevant!) background images and well-laid advertisers. Build an awesome web-site, and no doubt you'll have an influx of new online visitors. Do well with the product display and advertising and many of those will turn into “inline” visitors.

## Scope

The unique spirit of the store makes it a place of attraction for both tourists and locals. We think that the characteristic mood and atmosphere of this store matches well with the artistic and cultural trends of citizens of the whole Vancouver Island and the Gulf Islands (for example, the islands are known to be home to many BC artists). This makes us inevitably conclude that a store like Capital Iron, placed closer to the smaller towns and communities of the island would have immense success and popularity. At the same time, keeping the store on the land of Vancouver Island still very well preserves its status as being “local”.

Opening a new branch of a store is of no doubt a very costly and often risky undertaking. Indeed, there is little guarantee that opening stores in each of towns of Qualicum Beach, Nanaimo, Duncan would quickly (if at all) cover the investments spent into this effort. We argue however, that it would be strategically very profitable to open perhaps just one store, for which the city of Nanaimo would work the best. Even by itself, Nanaimo has a population of almost 84,000, and since this niche of stores is underrepresented in the area (for example, there is no Mountain Equipment Co-op store in the area), the store most likely would have a great success just due to the town itself.

However, the advantage of location of Nanaimo cannot be underestimated, as it is the “cross-roads” of both the island ways and water ways. Nanaimo is known as the “hub-city”, as it is the centre of traffic connecting the neighbouring towns of Qualicum Beach, Parksville, Ladysmith, Duncan as well as Port Alberni and the areas further west. It is a major stop for population travelling from Victoria up the island (and back), from Victoria going west (and back), and the connection point on the route between Duncan — Qualicum Beach —Courtenay areas. Furthermore, Nanaimo is a major port city of BC, and serves the Gulf Islands as well as Vancouver, making it the second tourist destination on the island.

The natural surroundings of Nanaimo, with the numerous parks, mountains, and nearby islands have made its population very outdoor-spirited. In view of this it is reasonable to expect great interest from the locals to the outdoor section of the store, including kayaking, hiking, camping and so on. Those travelling to the skiing destinations, will find the winter section useful (*e.g.* Canada Goose products). There are literally plenty of reasons that a Capital Iron store would create a success in the central island area, while at the same time, the comparatively smaller size and population of Nanaimo may quite well be handy for the store to more easily “stand out” in the city (which is more difficult to achieve in Victoria area). There are quite fewer tourist attractions in Nanaimo than in Victoria, and a Capital Iron store can become one of them.

It is difficult to give estimates on the costs involved in the opening of another branch. Such costs are certainly high. At the same time, the real estate prices are definitely lower in Nanaimo than in Victoria. Also, the difficulty with finding the store personnel is not anticipated. It is quite reasonable to assume that a new store would do as well, if not better, as the existing stores in Victoria.

# Appendix