



INDIAN INSTITUTE OF TECHNOLOGY MADRAS

***CAPSTON PROJECT***

CAPSTON FINAL SUBMMITION

**TITLE- ISSUES AND ANALYSIS FOR NEW BUSSINUSS**

**BY**

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## Executive Summary:

This is final submission ,in this final submission we will talk about everything in detail.The project aims to find the optimal purchasing rate and profit margin for new shop of tiles and marble to increase revenue.Shop owner is facing so many problems ,we tried to solve 3 of them ,we used mixed-method approach for analysis of problems .we analysed that which brand of tiles and which model of marble is in demand,and we also analysed that how we can increase profit margin through qualitative data of AVADH SALES.

After analysis process we reach our final position of results of our problems.After making small interaction with needy customer and analysis of data, we got that customer demand and no. of frequency selling box/slab is similar so kajariya brand is in more demand than other brand, and that gives more profit than other .

The report gives a nitty gritty examination of the information assortment and investigation process, the ongoing circumstance of the shop, and suggestions for the shop to handle its monetary issues and increment income. The new shop can go with a superior choice on the best way to oversee creation rate and the overall revenue of models to expand the income

## Detailed Explanation of Analysis Process/Method:

In this project, for analysis we used mixed-method approach,which includes both qualitative and quantitative data.The goal of analysis was to find which SKU is better and how we can generate better revenue with good profit,and And is there any seasonal effect on the sales of marble and tiles.

**Cash flow:** When we met the owner of AVADH SALES, we talked about many topics, then we talked about stopping the cash flow, he told many things. They tell that new business man can start by creating Start by creating a budget that outlines all of your expected expenses and revenues. This will help you to identify areas where we can

cut costs or generate more revenue. And it is very necessary to pay attention on your expenses and look for ways to reduce them. For example, you may be able to negotiate lower prices with suppliers or find more cost-effective ways to market your business.

Overall, attention to detail is key when it comes to managing cash flow in a new business. Keep a close eye on your finances and be willing to make adjustments as needed to ensure that you maintain a healthy cash flow.

**NOTE:** Owner of AWADH SALES was not comfortable to give details about finance so we were not able to make any calculation so am sorry for not explaining any calculative analysis.

For better understanding we are tagging two table ,through this we can understand very well(pic. from google site)

### Example 3. Cash Flow Budget

Name: Mayer Farm		Year: 2013						
Cash Inflows		Total for Year	January February	March April	May June	July August	September October	November December
<b>Operating</b>								
Livestock income		233,587	38,931	38,931	38,931	38,931	38,931	38,931
Sales of crops		380,800	31,909	152,891	34,364	0	0	161,636
Other crop income		0	0	0	0	0	0	0
USDA payments		18,000	9,000	0	0	0	9,000	0
Custom hire income		0	0	0	0	0	0	0
Farm rents, interest		0	0	0	0	0	0	0
Other		6,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>Sales of Capital Assets</b>		0	0	0	0	0	0	0
<b>Financing</b>								
New short-term loans to receive		0	0	0	0	0	0	0
New long-term loans to receive		0	0	0	0	0	0	0
<b>Non-farm Income</b>		7,400	400	400	2,900	400	400	2,900
<b>a. Total Cash Inflows</b>		645,787	81,240	193,222	77,195	40,331	49,331	204,468
Cash Outflows		Total for Year	January February	March April	May June	July August	September October	November December
<b>Operating</b>								
Seed		49,050	16,350	16,350	0	0	0	16,350
Fertilizer and lime		84,500	21,125	42,250	0	0	0	21,125
Chemicals		20,200	0	20,200	0	0	0	0
Crop insurance		10,700	0	0	0	0	10,700	0
Drying fuel		16,600	0	0	0	0	16,600	0
Custom hire or machine rental		1,750	0	0	438	875	437	0
Purchased crops		0	0	0	0	0	0	0
Purchased livestock		11,200	1,867	1,867	1,867	1,867	1,867	1,867
Purchased feed		78,400	13,067	13,067	13,067	13,067	13,067	13,067
Health and veterinary		5,600	933	933	933	933	933	933
Marketing		6,720	1,120	1,120	1,120	1,120	1,120	1,120
Real estate taxes		11,000	0	5,500	0	0	5,500	0
Cash rent		80,000	0	40,000	0	0	0	40,000
Hired labor		30,000	5,000	5,000	5,000	5,000	5,000	5,000
Repairs and upkeep		13,000	2,889	1,444	1,444	1,444	2,889	2,889
Fuel and lubrication		25,000	2,500	5,000	5,000	2,500	5,000	5,000
Other fixed expenses		6,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment lease payments		0	0	0	0	0	0	0
Miscellaneous operating costs		9,000	1,500	1,500	1,500	1,500	1,500	1,500
<b>Purchases of Capital Assets</b>		50,000	0	0	50,000	0	0	0
<b>Financing</b>								
Accounts payable		23,523	23,523	0	0	0	0	0
Short-term notes due		0	0	0	0	0	0	0
Long-term loan payments		37,555	7,511	22,533	0	0	0	7,511
Installment contract payments		0	0	0	0	0	0	0
<b>Non-farm Expenditures</b>								
Family living expenses, taxes		36,000	6,000	6,000	6,000	6,000	6,000	6,000
Non-farm investments		23,000	2,000	13,000	2,000	2,000	2,000	2,000
<b>b. Total Cash Outflows</b>		628,798	106,385	196,764	89,369	37,306	73,613	125,362

### Example 3. Cash Flow Budget (continued)

Summary	Total for Year	January February	March April	May June	July August	September October	November December
c. Net Cash Flow (a - b)	16,989	(25,144)	(3,542)	(12,174)	3,025	(24,282)	79,106
d. Beginning cash balance	6,146	6,146	1,002	2,460	1,286	4,311	2,029
e. New operating loan received	58,000	20,000	5,000	11,000		22,000	
f. Repayment of operating loan	60,000						60,000
g. Interest paid on oper. loan balance	18,589	0	0	0	0	0	18,589
Ending cash balance (c + d + e - f - g)	2,546	1,002	2,460	1,286	4,311	2,029	2,546
Operating Loan Balance							
h. Beginning loan balance	203,200	203,200	223,200	228,200	239,200	239,200	261,200
Ending balance (h + e - f)	201,200	223,200	228,200	239,200	239,200	261,200	201,200

**How much we need to invest:** Deciding how much to invest in a new business of marble and tiles depends on several factors such as market demand, competition, production costs, and capital requirements. After that we talk to Mo. Saddam to know how much demand is and how is competition level, then they said that **we meet 3-5 customer per day** who want marble and tiles then we make general calculations, consider that we are getting 4 customer in a day then we are getting more than 100 order in one month and if we talk about competition level, there is no competition level because there is no shop of marble and tiles. So, with the help of sales data. In calculation we want fill our stock for up to 3 month, so we are getting approx. more than 300 orders of marbles and tiles, if one customer orderd 50 box tiles and 10 slab marble, so we got more than 15000 boxes tiles and 3000 slab marbles order, After making calculations we get we need to invest in invent **appx 20-25 laks**.

(NOTE: Details of calculations, we will provide in results and finding section)

**Which brand(SKUs) of tiles and marble will create better profit and revenue for our business:**

- **With General View:**

First and foremost, it's vital to consider the interest and patterns in target market. Research what kind of tiles and marble are sought after, what tones, gets done, and plans are well known, and what sticker costs our rivals are advertising. This can assist with figuring out which brands and

SKUs are probably going to create more income and benefit for our business. Furthermore, consider the quality and strength of the items we are thinking about. Clients will generally pick items that are enduring and superior grade, regardless of whether they cost more. Consequently, picking brands and SKUs that offer great quality and durability is significant. Thirdly, consider the valuing and edges of the items we are thinking about. While it very well might be enticing to pick items with the most noteworthy net revenues, it's critical to offset that with the price tags that our clients will pay. Decide a fair and serious valuing methodology that will create adequate net revenues for your business without undermining our deals. At long last, consider the standing of the brands and SKUs we are thinking about. Pick brands and SKUs that have a decent standing on the lookout and are known for their quality and dependability. This can assist fabricate trust and believability with our clients and improve the probability of rehash business.

In synopsis, picking the right brand and SKU of tiles and marble that will produce better benefit and income for your business includes considering elements like interest, quality, valuing, edges, and notoriety. Directing intensive exploration and examination can assist you with settling on an educated choice that lines up with your business objectives and target market.

- **With Help Of Data:** With the help of data ,we pick up purchasing data and and revenue data and compare with each other , after analysis we get as of now kajariya shop sells marble with 60% profit margin and tiles with apx. 45% margin with 15% discount. So the genuine net revenue is 45% of marble and 30% of tiles. Kajariya Shop owner are selling with 45% and 30% profit margin rate . So my advice to Mo Saddam is to increase the discount rate of AWADH SALES from 15% to 20% which will reduce their net profit rate but will increase customer trust and net revenue. Mo Saddam already has a hardware shop so

Mo Saddam can attract customers towards his new shop by giving 5% discount on the rate of hardware which will increase the net revenue of his hardware with a good profit.

However, with the proposal to decrease creation, the organization necessities to sell the item with a 60% overall revenue with no limits all together to handle costs and increment income.

- Overall, the examination cycle for this venture included gathering both subjective and quantitative information from retailers and the organization. This information was then, at that point, broke down to recognize the ideal purchasing rate, overall revenue. We involved this information to make proposals for the organization to tackle its monetary issues and increment income by decreasing the of sluggish brands, expanding net revenues, and zeroing in on quick brands.
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- **When we talk about that which brand will successful in tha market,thai is totally depend upon customer demant,so we just take a feedback of customer on tiles and marble ,we got that in tiles kajariya have more demand and marble have itelian model . when we plot a bar chart, frqency chart of sales data we got same result. So decided that we will invest more in kajariya brand for tiles and itelian model in marble.**
- We additionally examined the information from the contenders and the retailers to comprehend the market pattern and the client inclination. This aided the shop to settle on the net revenue for every item. By contrasting the information from the contenders and the retailers, We had the option to distinguish the valuing methodology of the contenders and the market pattern. This assisted the organization with settling on the benefit edge for every item.



**The Picture Of Our Tiles and Marble for Example:**  
**TILES:**

**GLASS**



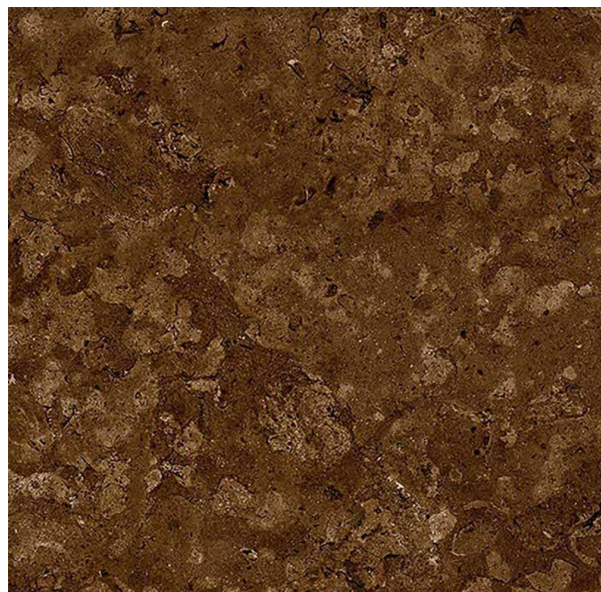
**CERAMIC**



**GRENIITE**



**LIMESTONE**



## MARBLE:



ITELIAN MARBLE

CARRARA MARBLE



CULCATT A MARBLE

**NOTE:** Theses pictures are picked from google sites.



**Results and Findings:**





















