

Business Plan on
FINASSET PVT. LTD.

A Seminar Paper on Business Plan Development

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Masters of Business Administration (MBA)

Submitted by
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DECLARATION

I, Sakib Akatar Rain declare that this seminar paper entitled “**A Business Plan on Finasset Pvt. Ltd.**” is submitted in partial fulfillment of the MBA Degree, the faculty of Management, Purbanchal University is my original work carried out under the guidance of **Mr. Ajay Khadka**, Program Director of Himalayan White House International College, has not been submitted anywhere for the award of any other degree or commercial purpose. In keeping with the ethical practice in reporting scientific information, due acknowledgements have been made wherever the finding of others have been cited.

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APPROVAL LETTER

This is to certify that Mr. **Sakib Akatar Rain** student of MBA, fourth semester studying in Himalayan White House International College affiliated to Purbanchal University has completed his seminar course on Business Plan Development on the topic of “**Business Plan on Finasset Pvt. Ltd.**” as prescribed by the university standard under related subject expert’s guidance. His performance during the seminar was appreciable and the report has been prepared accordingly. We appreciate his work.

Evaluation Committee

Course Convener)

Mr./Mrs/Ms/ Dr/ Prof Xxxx Xxxx Xxxx
(External Expert)

Date:

AKNOWLEDGEMENT

I take this opportunity to express my sincere appreciation to the people without whose support I would have faced insurmountable obstacles in preparation of this business development plan.

First of all, I would like to thank my almighty Allah for the grace in accomplishing my seminar paper report within the time.

I would like to express my gratitude to our course convener **Mr. Shushil Budhathoki** and our Program Director **Mr. Ajay Khadka** from the core of my heart for their kind support, guide, constructive, supervision, and instructions for providing me with all the facilities that was required.

Finally, I would also like to express special thanks to my colleagues and friends who directly or indirectly helped me a lot to complete this seminar report.

EXECUTIVE SUMMARY

Finasset Pvt. Ltd. aims to promote the financial literacy by empowering the individuals in the Kathmandu Valley. The company will provide three services include Accounting, Investment Advisory and Risk Management through two way of distribution include direct and online. The company will be formally registered in the name of “Finasset Private Limited”. The company’s office will be located at Kathmandu Metropolitan City-10, New Baneshwor, Alok Nagar, Kathmandu (Nepal).

Due to digital nature of the business, it comes under E-Commerce industry. The company will use Business-to-Customer (B2C) E-Commerce business model. The company will fulfill the various need of the individual customers such as track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom. These services basically focus on personal finance area of the financial sector.

The business will have targeted individual rather than institutional customers. The individual customers of this company are student, self-employed, employees, investor, and entrepreneur. This legal form of this business is private limited that will control and directed by owner of this business who is Sakib Akatar Rain carrying the Managing Director position in the business. The company will hire mainly 10 staffs to run the business smoothly.

The founder, owner and manager of Finasset Pvt. Ltd. is Mr. Sakib Akatar Rain. Mr. Rain is pursuing an MBA at Himalayan White House Int’l College. Previously, he was engaged in online job as a blogger. He also possesses the commercial banking experience. During his engagement in online job, the desire to get involved in digital entrepreneurship aroused in him.

A sum of Rs.2,128,429 is needed to start the company. Out of Rs.1,128,429 the founder will contribute 53% of capital i.e. Rs.802,099 and remaining 47% i.e. Rs.1,000,000 will be borrowed from Everest Bank Ltd at the rate of 12% per annum. So the total value of the company will be Rs.2,128,429. On the opening year company is expecting to earn Rs.11607/- thousands as a net profit after tax with Rs.2,128/- thousands opening cash balance. The company has positive Rs.29,143/- thousand NPV and 569.64% IRR. The financial ratio of the company represents that the fixed asset turnover ratio and net profit margin are increasing in trend.

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ABBREVIATIONS

B2B	:	Business to Business
B2C	:	Business to Customer
B2G	:	Business to Government
C2B	:	Customer to Business
C2C	:	Customer to Customer
CFAT	:	Cash Flow After Tax
CRM	:	Customer Relationship Management
DPBP	:	Discounted Payback Period
EBIT	:	Earnings Before Interest and Tax
EBITA	:	Earnings Before Interest Tax and Amortization
EBITDA	:	Earnings Before Interest Tax Depreciation and Amortization
EBT	:	Earnings Before Tax
ERP	:	Enterprise Resource Planning
IRR	:	Internal Rate of Return
MBA	:	Master of Business Administration
NPV	:	Net Present Value
OCF	:	Operating Cash Flow
PBP	:	Payback Period
USP	:	Unique Selling Proposition

CHAPTER 1: COMPANY INTRODUCTION

1.1 Introduction

Online business is also known as internet business or E-Business. The E-Business refers to performing all type of business activities through internet. E-Business requires the use of multiple websites, CRMs, ERPs that connect different business processes. E-Business is a broad concept and it is considered as a superset of E-Commerce.

1.1.1 Industry

Introduction

E-Commerce business is so much more than just online shopping. E-Commerce refers to the performing online commercial activities, transactions over internet. It includes activities like buying and selling product, making monetary transactions etc. over internet. It usually requires the use of only a website. It involves mandatory use of internet. The payment gateways, online ticketing, online auctions, internet banking etc. are some of the example of E-Commerce business. Basically there are five types of E-Commerce models include B2C, B2B, C2B, B2G, G2B. E-Commerce is more appropriate in Business to Customer (B2C) context (GeeksforGeeks, 2020).

History of E-Commerce in the world

The history of E-Commerce in the world began with the foundation of CompuServe in 1969. In 1984, the same company, believed to be the first major E-Commerce enterprise of the world, launched Electronic Mall that allowed its users to buy from more than 100 online retailers/merchants. It was the first instance of online retailing in the world. E-Commerce worldwide is flourishing and has now seen a boom (Online Khabar, 2020). Currently, there are various E-Commerce companies running in the world such as Amazon, Alibaba, eBay, Rukuten, Groupon, ASOS.com, Flipkart, Netflix, NetEase, Google, Yahoo, LinkedIn, Twitter etc.

History of E-Commerce in Nepal

The Nepal E-Commerce business began in the late 1990s by shifting from physical stores to virtual ones. Bal Krishna Joshi, a co-founder of thamel.com, claims his company is the first-ever E-Commerce company in Nepal. (Online Khabar, 2020). The Nepal E-Commerce sector is still in its early phases of development i.e. in Start-

up phase. Basically, there four stages of industry include start-up, growth, maturity and decline. Due to advancement in information technology and its wide reach, by now, there are thousands of E-Commerce sites running in Nepal. As of August 2020, there were already more than 40,000 registered commercial websites in Nepal (Online Khabar, 2021). There are some of the top E-Commerce businesses currently running in Nepal presented in table as bellows:

Table 1.1: Top E-Commerce Sites in Nepal

S.N.	Industry	Services	Name of E-Commerce Business
1	E-Commerce	Online Shopping of Product/Service	i. hamrobazar.com ii. kinmel.com iii. meroshopping.com iv. daraz.com etc.
2		Food Delivery Services	i. foodmandu ii. foodmario iii. bhojdeal etc.
3		Plumbing E-Commerce Services	i. online Laundry systems

Source: (Weblink Nepal, 2020)

SWOT Analysis of the Industry

The SWOT analysis is the business and industry analysis tool that help to identify the business or industry's strengths, weaknesses, opportunities and threats. The E-Commerce industry has major following SWOT mentioned as bellows:

- i. Strengths:** Accessibility and Lower Price.
- ii. Weakness:** Industry Specific
- iii. Opportunities:** Growing Markets and Influencer
- iv. Threats:** Competition, Fraud, Data Concerns, and Monopolies

Competitors in the Nepalese E-Commerce Industry

The competitors are the companies engaged in commercial or economic competition with others. In other words, the competitors are those companies which sell similar kinds of products or services to the target customers. Basically, there are very few companies which are our direct competitors while many are indirect competitor under

this industry. The following are the list of our competitors classified by the two categories presented in the table bellows:

Table 1.2: List of Competitors

Competitors	
<u>1. Direct Competitors</u>	<u>2. Indirect Competitors</u>
i. RPB Financial Advisor	i. Fin Lit Nepal
ii. Biruwa Advisors Pvt. Ltd.	ii. NIBL Capital
iii. Jaguar Investments Pvt. Ltd.	iii. PKF TR Upadhy & Co.
	iv. RSA
	v. NABIL Invest

The direct competitors are those competitors who provide product or services very closest to our company while indirect competitors are those competitors who provide product or services similar to our competitors.

Porter's Five Force Analysis of the Industry

Porter's Five Force Model is a tool to analyze the competitiveness of the business environment. It is used to identify the industry structure to determine the corporate strategy. The five forces of this model are presented in the following figure as bellows:

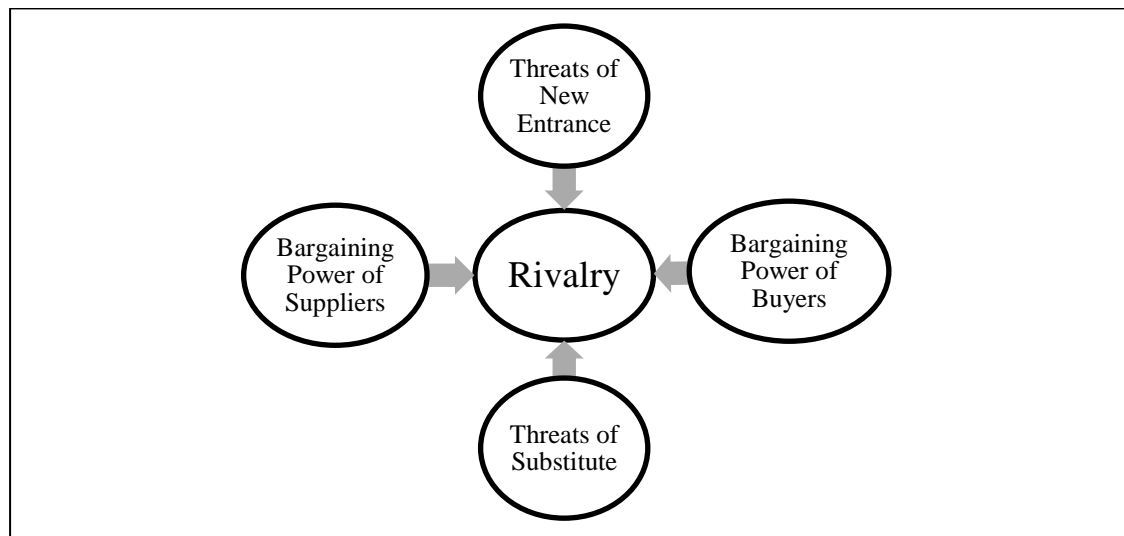


Figure 1.1: Porter's Five Forces Model

- i. **Threats of New Entrance:** This is a moderate force in this industry due to low switching cost or the low negative effects of transferring from one provider to another.
- ii. **Bargaining Power of Buyers:** This is a strong force in this industry due to well informed customers. Consumers have access to high quality information regarding the services of online retailers and the products they sell.
- iii. **Threat of Substitute:** This is a strong force in this industry due to high availability of substitutes, the low product costs and overall all customer experience increases the influence of substitutes against the company.
- iv. **Bargaining Power of Suppliers:** This is a moderate force in this industry due to high number of players in the industry, suppliers do not have many options and therefore are bound by the rules that the brands have set.
- v. **Rivalry:** This is a strong force in this industry due to high number of players. The number of local and global brands in the ecommerce market have grown and led to higher competition.

Law for E-Commerce Business

The law for E-Commerce business in Nepal has introduced by Nepal Government which is a set of E-Commerce guidelines /instructions and regulations to navigate and supervise the growing E-Commerce business in Nepal. One of the main purposes of E-Commerce law in Nepal is consumer protection. The E-Commerce law in Nepal held the E-Commerce business responsible for following activities as:

- Answer the fraudulent sales and misrepresentation of defective products.
- Follow the rules and regulations to manage electronic transactions,
- Promote the Nepali products via online stores and
- Manage the foreign currency transactions (Weblink Nepal, 2020).

E-Commerce Market Estimation

The total estimated worth of Nepal E-Commerce market is a whopping sum of \$25 million. Increasing E-Commerce stores and the year after betterment in their service is leading to broad E-Commerce market size in Nepal (Weblink Nepal, 2020).

1.1.2 Business Idea

The 'Finasset Pvt. Ltd.' is the legal name of the business which is one of the types of online business that is going to provide basically three services include accounting

services, investment advisory services and risk management services. The Finasset Pvt. Ltd. company will take the concept of Business-to-Consumer (B2C) business model. The B2C business model refers to the process of buying products or services by the consumer from a seller.

The services will provide to individual customers include student, self-employed, employees, investor and entrepreneurship as a target market. The target market is a particular group of customers at which a product or services is aimed. The business will target the market on the basis of demographic profile include employment, education, income, marriage, birth and death etc. of the customers

The business will provide the services through two ways, one is direct selling and another is online selling to its customers. Direct selling, also known as person-to-person retail is a business model where people sell products directly to end consumer. Similarly, online selling is the process of selling the goods or services through company's website, a third-party site or both.

The business will satisfy the various needs of the customer such as track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom. The income and expenditure cash flow can be managed through our budgeting and spending template under accounting services. The saving can be increased through rule of saving (saving planning) under accounting services. The saving can be properly utilized through various investment strategies under investment advisory services. The financial freedom can be achieved through achieving of various financial targets or level of financial freedom under combination of all the services provided by the company.

The personal motivation on this business idea is that easily to set up, low cost, flexible business hour, easily accessible, high reach, high traffic and engagement of the customer on the web.

1.1.3 Company

The Finasset Pvt. Ltd. is a solopreneur company that will provide the products or services to its customer with better customer experience. The company will use Business-to-Customer (B2C) E-Commerce business model. The company will basically provide three services include accounting, investment advisory and risk

management services to its customer by using two ways of distribution include direct and online.

The company will be targeted individuals as target customer who has these characteristics include student, self-employed, employees, investor and entrepreneurship having the age from 15-59 years, education from intermediate to post graduate, both employed and non-employed employment status of the person. The company will be estimated the number of potential customer based on the above characteristics of customer that comes from Kathmandu Valley include Kathmandu, Lalitpur and Bhaktapur District of Nepal.

The company will fulfill the various need of the individual customers such as track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom. These services basically focus on personal finance area of the financial sector.

1.1.4 Management Team and Organizational Chart

The founder, owner and manager of Finasset Pvt. Ltd. is Mr. Sakib Akatar Rain. Mr. Rain is pursuing an MBA at Himalayan White House Int'l College. Previously, he was engaged in online job as a blogger. He also possesses the commercial banking experience. During his engagement in online job, the desire to get involved in digital entrepreneurship aroused in him.

The Content Creator, Social Media Officer, Computer Service Technician and Accountant are fresh college graduate with 1-2 years of work experience in their related field. Receptionist and Web Analyst are fresh college graduate with 2 to 3 years of work experience in their related field. Finance Manager, Financial Consultant and Marketing Manager are MBA graduate with 3 to 5 years of work experience in their related field.

The following are the different tasks and responsibilities of the mentioned position described as follows:

- i. Managing Director (MD):** Evaluating the performance of the company, as dictated by the board's overall strategy to control the business operation.
- ii. Content Creator:** Producing marketing copy to advertise our products, writing blog posts about industry-related topics and promoting our content on social media.

- iii. **Marketing Manager:** Managing the promotion and positioning of a brand or the products and services that a company sells.
- iv. **Social Media Officer:** Overseeing a company's interactions with the public through implementing content strategies on social media platforms.
- v. **Receptionist:** Serving visitors by greeting, welcoming, and directing them appropriately.
- vi. **Finance Manager:** Maintaining the finance health of the company by doing the financial planning, investing (spending money) and financing (raising money) activities.
- vii. **Accountant:** keeping and interpreting financial records that include income statement, balance sheet, cash flow statement and tax return.
- viii. **Financial Consultant:** Developing financial strategies by guiding client to establish financial goals; matching goals to situation with appropriate financial plans.
- ix. **Web Analyst:** Analyzing, maintenance and web development costs for future requirement of staffing, purchasing of equipment and new technologies related to deployment of websites and web development.
- x. **Computer Service Technician:** Maintaining computer systems within a business setting that includes various activities such as installing computers, routers and other hardware, updating or repairing existing systems and troubleshooting problems with hardware.

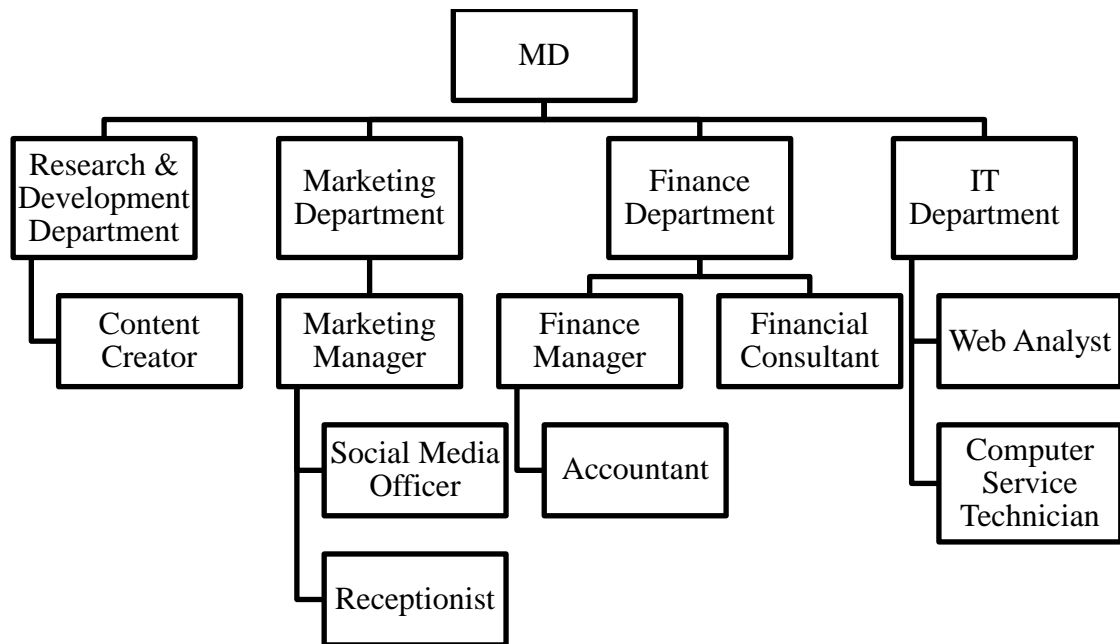


Figure 1.2: Organization Chart of the Company

The Finasset Pvt. Ltd. is headed by the owner as MD, to whom the manager needs to report. Social Media Officer, Receptionist, Accountant and Financial Consultant need to report to the manager. The other human resource includes computer service technician and web analytics are under IT Department while Content Creator is under Research & Development Department in the organizational hierarchy.

1.2 Business Feasibility Analysis

A feasibility study refers to an analysis that takes every relevant factor of a project into account (legal, economic, technical, and scheduling considerations) to determine the possibility of completing the project successfully (The Business Professor, 2021).

The following are the various relevant factors for business feasibility analysis explained as follows:

1.2.1 Product Feasibility Analysis

The company will provide basically three services include accounting, investment advisory and risk management service through online and direct way of distribution. These services will solve the various financial problem of the individual include track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom.

1.2.2 Target Market Feasibility Analysis

The company will be targeted individuals as target customer who has these characteristics include student, self-employed, employees, investor and entrepreneurship having the age from 15-59 years, education from intermediate to post graduate, both employed and non-employed employment status of the person. The company will be estimated the number of potential customer based on the above characteristics of customer that comes from Kathmandu Valley include Kathmandu, Lalitpur and Bhaktapur District of Nepal.

1.2.3 Industry Feasibility Analysis

The Nepal E-Commerce business began in the late 1990s by shifting from physical stores to virtual ones. Bal Krishna Joshi, a co-founder of thamel.com, claims his company is the first-ever E-Commerce company in Nepal. (Online Khabar, 2020). The Nepal E-Commerce sector is still in its early phases of development i.e. in Start-up phase. Basically, there four stages of industry include start-up, growth, maturity and decline. Due to advancement in information technology and its wide reach, by now, there are thousands of E-Commerce sites running in Nepal. As of August 2020, there were already more than 40,000 registered commercial websites in Nepal (Online Khabar, 2021).

1.2.4 Organizational Feasibility Analysis

The company will have mainly four departments that controlled and directed by Managing Director (MD) position. Each department will have different positions such as Content Creator under Research & Development Department, Marketing Manager, Social Media Officer and Receptionist under Marketing Department, Finance Manager, Accountant and Financial Consultant under Finance Department, Web Analytics and Computer Service Technician under IT Department. Each position will have single staff. So the company will have total 10 staffs that carry different tasks and responsibilities.

1.3 Business Policy

The Business policies are the guidelines developed by an organization to govern its actions. They define the limits within which decisions must be made.

1.2.5 Business Code of Conduct

The Code of Conduct consists in a set of principles on conducting business aimed at small and medium enterprises (SMEs), The ultimate goal of the Code of Conduct is to

help SMES to pursue a fair, transparent and legal business activity (Norwegian Ministry of Foreign Affairs, 2016).

The company will develop the following principles as a business code of conduct described as bellows:

Principle 1- Honesty, Integrity and Fair Play: The Company and its staff will be fully committed to the principle of honesty, integrity and fair play in the delivery of services and goods to the public.

Principle 2- Equal Opportunity for All Employees: The company will provide equal employment opportunities regardless of race, color, sex, religion, national origin, age, disability or other legally protected status.

Principle 3- Safety, and Health Practices: The Company will be committed to an injury-free and illness-free workplace that is operated in an environmentally sound manner in compliance with all relevant laws and regulations that protect worker safety and the environment.

Principle 4- Financial Reporting: All transactions of the Company will be duly recorded so as to permit preparation of clear financial statements in in conformity with generally accepted accounting principles. No undisclosed or unrecorded fund or asset of the Company will be established for any purpose. No payment on behalf of the Company (including those by cash) will be done without adequate supporting documentation or made with the intention or understanding that any part of such payment is to be used for any purpose other than as described by the documents supporting the payment.

Principle 5- Government Contracts and Services: The Company will be committed to complying with all applicable laws and regulations relating to government (public Procurement) contracts and services and to ensuring that its reports, certifications and declarations to government officials are accurate and complete and that any deviations from contract requirements are properly approved.

Principle 6- Misuse of Official Position: Staff who misuses their official position for personal gains or to favor their relatives or friends will be liable to disciplinary action or even prosecution.

Principle 7- Handling of Proprietary Information: Staff will not allow to disclose any classified or exclusive information to anybody without authorization. Staff who

will have access to or will in control of such information should at all times provide adequate safeguards to prevent its abuse or misuse.

Principle 8- Property of the Company: Staff will have given access to any property of the Company should ensure that it is properly used for the purpose of conducting the Company's business. Misappropriation of the property for personal use or resale will strictly prohibited.

Principle 9- Sanctions: The Company will take prompt and appropriate remedial action in response to violations of the Code. Any employee who engages in conduct prohibited by the Code as determined by the ethics officer will be subject to discipline actions and sanctions in accordance with the labor law.

Principle 10- Reporting: Employees will have a responsibility to promptly report to the Company any violation of the Code. The Company shall put in place an appropriate mechanism (i.e. complaints/suggestion boxes, telephone, emails, etc.) as to allow employees to address communications to the ethics officer (owner) with the highest degree of trust and confidentiality.

1.2.6 Business Vision, Mission, and Values Development

Vision statement provides insights into what the company hopes to achieve or become in the future while mission statement communicates the purpose of the organization. Similarly, values statement reflects the organization's core principles and ethics i.e. business code of conduct (batan global, 2021).

Vision:

To be leading digital financial service provider by providing the various financial services to local people

Mission

To be digitally-oriented and to contribute to the well-being of stakeholders by providing the excellent services with compliance

Values:

To promote and maintain a great corporate culture, we are dedicated to abiding by the following values:

- Transparency
- Accountability

- Ethical decision
- Fairness

1.2.7 Corporate Objectives

Corporate objectives are those that relate to the business as a whole. They are usually set by the top management of the business and they provide the focus for setting more detailed objectives for the main functional activities of the business (Tutor2u, 2021).

The goal of the company is to help clients build financial wealth and get financial freedom with satisfactory result, to achieve this goal the company has established the following corporate objectives are as follows:

- Aware 3,805 clients on importance of financial literacy by end of the year 2022
- Increase the number of clients by at least 3.03% each quarters
- Spend Rs25,000 each quarters for marketing and promotions expenses
- Provide outperforming performance of services to clients by providing after-sales service
- Integrate with reputed corporate institutions to build trust for clients

CHAPTER 2: BUSINESS PLAN

2.1 Business Model

Business model is an explanation of how you deliver value to your customers at an appropriate cost. It includes various factors explained as bellows:

2.1.1 Target Customers

The company will be targeted individuals as target customer who has these characteristics include student, self-employed, employees, investor and entrepreneurship having the age from 15-59 years, education from intermediate to post graduate, both employed and non-employed employment status of the person. The company will be estimated the number of potential customer based on the above characteristics of customer that comes from Kathmandu Valley include Kathmandu, Lalitpur and Bhaktapur District of Nepal.

2.1.2 Customer Value Proposition (CVP)

The Finasset Pvt. Ltd. is a solopreneur company that will provide the product or services to its customer with better customer experience. The company will use Business-to-Customer (B2C) E-Commerce business model. The company will basically provide three services include accounting, investment advisory and risk management services to its customer by using two ways of distribution include direct and online.

The prices of company's services will set as low compared to international standard price quoted on various E-Commerce sites online. The company will provide its services by facilitating additional free tools such as excel templates and note book.

The company will communicate its value proposition so clearly so that it will use only online advertisement tool.

2.1.3 Profit Formula

The company will have B2C marketplace as an E-Commerce website that will use to sell online courses to various individual customers. The company will use Freemium Revenue Model where a marketplace has both free and premium features. This model is a bit tricky to work with since your marketplace needs to offer very alluring premium features for users. The reason for choosing this revenue model is to generate fast lead and use unlimited access.

2.1.4 Key Resources

The company will be identified various physical resources to its office that classified into two categories for conducting the E-Commerce business. The company will require fixed assets and necessary preliminary expenses that will purchase from different suppliers. The fixed assets include equipment and furniture while preliminary expenses include two major expenses mentioned in the related annex.

2.1.5 Key Process to Deliver Value

The customer deliver process is a system that is used by the company to deliver the value to its customer. The company will use two ways of deliver the value include online and direct sales. So the following are the delivery process for online and direct sales of the company as bellows:

For Online



Figure 2.1: Online Delivery Process

Under this system, the customer will first search the website on any search engine and navigate to the site to select the product or service. Then the customer will checkout and confirm the order by paying the service amount to deliver the service.

For Direct Sales



Figure 2.2: Direct Selling Process

Under this system, the customer will come at the physical office location and select the services they want. Then the customer will negotiate and confirm the order by paying the service amount to get the service.

2.2 Business Strategy

A business strategy is an outline of the actions and decisions a company plans to take to reach its goals and objectives. There are several reasons for making business strategy for organizations explained as bellows:

2.2.1 Sustainable Competitive Advantage (SCA)

Sustainable competitive advantages are company assets, attributes, or abilities that are difficult to duplicate or exceed; and provide a superior or favorable long term position over competitors (Ken Faulkenberry, 2021). The following are the sustainable competitive advantages of the company listed as bellows:

- i. **Superior Efficiency:** The company will have used less inputs as compared to output due to low cost of production and technology.
- ii. **Superior Quality:** The company will provide superior quality that leads the customer perception of greater value in a product's attributes include features, outcome, length, time, etc.
- iii. **Superior Innovation:** The company will have brought the innovation in their process. The company two ways of distribution include online and direct distribution channel.
- iv. **Superior Responsiveness:** The company responsiveness will be achieved by enhancing ethical customer response in terms of customer response time, design, style, after sales service and support. It is all because of The company will be hired highly talented people in terms of skills and experience and build a strong management team for business.

These competitive advantages are valuable, rare, imitate, and organized that why we will get the sustainable competitive advantages.

2.2.2 Business Positioning

Under the business positing strategy the company analyzes the three issues include market segmentation, target market and market positioning to determine the target market.

- i. **Market Segmentation:** The company will segment its products or services based demographic and geographic segmentation illustrated as bellows:

Table 2.1: Market Segmentation

Demographic Segmentation	Geographic Segmentation
<ul style="list-style-type: none">• Age group: 15-59• Education: Intermediate to Post Graduate• Occupation: Student, Employees, Businessman and Self-Employed• Employment Status: Both Employed and Non-Employed	<ul style="list-style-type: none">• Country: Nepal• Districts: Kathmandu, Lalitpur, Bhaktapur

- ii. **Target Market:** Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments. The target market of the product or services provided by the company will be student, self-employed, employees, investor and entrepreneurship having the age from 15-59 years, education from intermediate to post graduate, both employed and non-employed person that comes from Kathmandu Valley.
- iii. **Market Positioning:** Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer. The company will position itself as a brand that solves the financial problem of literate youth in the Kathmandu Valley. The positioning statement of this company is “**finasset.com, a digital financial services provider of youth**”.

2.2.3 Product/Service Differentiation

Product differentiation is a process used by businesses to distinguish a product or service from other similar ones available in the market. There are several different factors can differentiate a product. The company will use vertical differentiation method to differentiate its products from its competitors. The following are the unique selling Proposition (USP) of the company as bellows.

- **Price:** The company will set the price of its product lower than its international standard price.

- **Quality:** The company will high professional team that provides high quality services to its customers.
- **Design:** The product will be designed with many extra facilities such as temples and note book.
- **Feature & Functionalities:** The company will solve the actual financial problems of the individuals that competitors does not.

CHAPTER 3: FUNCTIONAL STRATEGIES

3.1 Financial Strategy

A financial strategy enables you to assess your financial needs and the resources required to support and meet your objectives and to fulfill your organizations' overarching objective (CGMA, 2021). It includes capital structure and sources of finance of the company. It includes projected income statement, balance sheet and cash flow statement for next three years. The key financial assumptions on which this financial plan based are as below:

Table 3.1: Financial Assumptions

S.N.	Financial Factors	Assumption
1	Sales growth	1% monthly and 12.68% p.a.
2	Sales Forms	All In cash
3	Profit Margin	20% of Cost Price Per Unit
4	Fixed Cost	Rs.433,527/- per month
5	Interest Rate	12% p.a.
6	Income Tax Rate	25% p.a.
7	Depreciation Method	Straight Line Method
8	No. of Days	30 days in months and 360 days in a year
9	Preliminary Expenses Write Off	33.33% per year
10	Depreciation on Electronics	20% p.a.
11	Depreciation on Furniture	15% p.a.

2.3.1 Capital Structure and Sources of Finance

Capital structure is a mix or combination of debt and equity. The debt-equity ratio is maintained at various levels as a capital structure policy. The company will use debt-to-equity ratio 1.25:1 before opening year. The company has the following sources of finance illustrated as bellows:

Table 3.2: Sources of Finance

Sources of Fund	Amount	Weight
Equity	1,128,429	0.53
Founder's Capital	1,128,429	0.53
Debts	1,000,000	0.47
Bank Loan	1,000,000	0.47
Total	2,128,429	1.00

A sum of Rs.2,128,429 is needed to start the company. Out of Rs.2,128,429, the founder will contribute 53% of capital i.e. Rs.1,128,429 and remaining 47% i.e. Rs.1,000,000 will be borrowed from Everest Bank Ltd at the rate of 12% per annum.

2.3.2 Projected Income Statement

Table 3.3: Projected Income Statement

Particulars	Year 0	Year 1	Year 2	Year 3
Sales value (1) (see annex 1)		24,674	27,803	31,329
Less: Total Variable Cost (2) (see annex 4)		3,822	4,306	4,853
Contribution Margin (3) = (1)- (2)		20,852	23,496	26,476
Less: Operating Fixed Costs		5,166	5,166	5,166
EBITDA		15,685	18,330	21,310
Less: Depreciation on fixed assets		88	88	88
EBITA		15,597	18,241	21,221
Less: Amortization on preliminary expenses		16	16	16
EBIT		15,580	18,225	21,205
Less: Interest (see annex 13)		104	66	24
EBT		15,476	18,158	21,180
Less: Tax		3,869	4,539	5,295
Net Income		11,607	13,619	15,885

On the opening year company is expecting to generate Rs24,674 thousands total sales with 84% of gross or contribution margin and increasing the sales revenue @12.68% each year. The company is expecting Rs5,166 thousands total operating fixed costs having 1.97% of total fixed cost is non-cash expenditures. The EBITDA and EBIT of the company is expecting to earn Rs15,685 and Rs15,580 thousands respectively in the first year. The income tax rate is 25% assumed each year. The details information related to this is mentioned on the annex. On the opening year company is expecting

to earn Rs.11607/- thousands as a net profit after tax. For next two years of operation, the company is expecting to earn Rs.13,619 thousands and Rs.15,885/- thousands as a net profit respectively

2.3.3 Projected Cash Flow Statement

Table 3.4: Projected Cash Flow Statement

Amount in Rs.'000

Particulars	Year 0	Year 1	Year 2	Year 3
Beginning of the Cash	2,128	1,621	12,788	25,906
Sales		24,674	24,472	30,956
		-	-	-
Cash Inflows		24,674	27,472	30,956
A. Operating Costs (1+2)		13,255	14,353	15,645
1. Total Fixed Costs		9,433	10,047	10,792
Rent (see annex 5)		343	343	343
Labor (see annex 6)		4,632	4,632	4,632
Marketing (promotion) costs (see annex 7)		100	100	100
Licenses		1	1	1
Internet Expenses		21	21	21
Registration Fee Renewal		1	1	1
Domain Name		1	1	1
Web Hosting		30	30	30
Newsletter and Mailing List		10	10	10
Social Media Management Tools		22	22	22
Audit Fees Expenses		10	10	10
Interest Expenses		104	66	24
Loan Repayment		294	331	373
Tax Expenses		3,869	4,539	5,295
2. Total Variable Costs		3,822	4,306	4,853
B. Onetime Costs	507	-	-	-
		-	-	-
Cash Outflows (A+B)		13,255	14,411	15,712
Ending of the Cash	1,621	13,040	26,431	42,048

The opening balance of cash, on the opening day, is Rs.2,128/- thousands and Rs.507 thousands of onetime costs. Similarly, the closing balance of cash, on the same day, is Rs.1621/- thousands. The details information related to this is mentioned on the annex.

2.3.4 Balance Sheet

Table 3.5: Projected Balance Sheet

Amount in Rs.'000

Particulars	Year 0	Year 1	Year 2	Year 3
Capital & Liabilities				
Capital	1,128	12,735	26,354	42,240
Founder's Capital	1,128	1,128	1,128	1,128
Net Profit	-	11,607	25,226	41,111
Liabilities	1,000	705	373	-
<u>Current Liabilities</u>				
<u>Non-Current Liabilities</u>				
Bank Loan	1,000	705	373	-
		-	-	-
Total Capital & Liabilities	2,128	13,440	26,727	42,240
Assets		-	-	-
<u>Current Assets</u>	1,621	13,039	26,431	42,048
Cash	1,621	13,039	26,431	42,048
		-	-	-
<u>Non-Current Assets</u>	507	401	296	192
Equipment	397	317	238	159
Furniture	60	51	42	33
Preliminary Expenses	50	33	16	-
		-	-	-
Total Assets	2,128	13,440	26,727	42,240

The total assets, on the opening day, is Rs.2,128/- thousands and the total capital is Rs.1,128/- thousands. Similarly, the long-term loan is Rs.1,000/- thousands and it is to be paid within three years. The rate of interest is 12% per annum. The detail information is mentioned on the annex.

2.3.5 Payback Period (PBP) and Discounted Payback Period (DPBP)

The Payback Period shows how long it takes for a business to recoup an investment. This type of analysis allows firms to compare alternative investment opportunities and decide on a project that returns its investment in the shortest time if that criteria is important to them (Corporate Finance Institute, 2021)

The discounted payback period is a modified version of the payback period that accounts for the time value of money. Both metrics are used to calculate the amount of time that it will take for a project to “break even,” or to get the point where the net cash flows generated cover the initial cost of the project. Both the payback period and the discounted payback period can be used to evaluate the profitability and feasibility of a specific project (Corporate Finance Institute, 2021)

Table 3.6: PBP and DPBP Appraisal

Amount in Rs.’000

Year	Cash Flow	Cumulative CFAT	PVIF @ 10%	PV	Cumulative PV
0	(2,128)	(2,128)	1.0000	(2,128)	(2,128)
1	11,790	9,662	0.9091	10,718	8,590
2	13,774	23,436	0.8264	11,383	19,974
3	16,009	39,445	0.7513	12,028	32,001
Total PV				34,129	
NCO				(2,128)	
a) Payback Period (PBP)				0.18 years	
b) Discounted Payback Period (DPBP)				0.20 years	

The company’s payback period and discounted payback period according to forecasted income statement and forecasted balance sheet will be 0.18 and 0.20 years respectively that represents the project is highly profitable in nature due to low period i.e. less than a year to recover the investment or NCO.

2.3.6 Net Present Value (NPV)

Net present value is the difference between present value of cash inflows and present value of cash outflows over the period of time. It is the value of all the future cash flows (positive or negative) over the period of time (Corporate Finance Institute, 2021).

Table 3.7: NPV Appraisal

Amount in Rs.'000

Year	Cash Flow	Cumulative CFAT	PVIF @ 10%	PV	Cumulative PV
0	(2,128)	(2,128)	1.0000	(2,128)	(2,128)
1	11,790	9,662	0.9091	10,718	8,590
2	13,774	23,436	0.8264	11,383	19,974
3	16,009	39,445	0.7513	12,028	32,001
Total PV				34,129	
NCO				(2,128)	
Net Present Value (NPV)				Rs.32,001	

The company's net present value according to forecasted income statement and forecasted balance sheet will be Rs32,001/- that represents the project is highly profitable in nature due positive net present value.

2.3.7 Internal Rate of Return (IRR)

The Internal Rate of Return (IRR) is the discount rate that makes the net present value (NPV) of a project zero. In other words, it is the expected compound annual rate of return that will be earned on a project or investment (Corporate Finance Institute, 2021).

Table 3.8: IRR Appraisal

Amount in Rs.'000

Year	Cash Flow	Cumulative CFAT	PVIF @ 10%	PV	Cumulative PV
0	(2,128)	(2,128)	1.0000	(2,128)	(2,128)
1	11,790	9,662	0.9091	10,718	8,590
2	13,774	23,436	0.8264	11,383	19,974
3	16,009	39,445	0.7513	12,028	32,001
Total PV				34,129	
NCO				(2,128)	
Internal Rate of Return (IRR)				567.83%	

The company's internal rate of return according to forecasted income statement and forecasted balance sheet will be 567.83% p.a. that represents the project is highly

profitable in nature due to high internal rate of return (567.83% p.a.) that company's cost of capital (10% p.a.).

2.3.8 Ratio Analysis

Table 3.9: Financial Ratios

Financial Ratio	Year 1	Year 2	Year 3
Liquidity Ratio			
Current Ratio	0.00	0.00	0.00
Efficiency Ratio			
Asset Turnover Ratio	1.84	1.04	0.74
Fixed Asset Turnover Ratio	61.35	93.59	163.23
Leverage Ratio			
Debt to Asset Ratio	0.05	0.01	0.00
Debt to Equity Ratio	0.06	0.01	0.00
Profitability Ratio			
Net Profit Margin (%)	47.04%	48.98%	50.70%
Return on Assets (%)	86.36%	50.95%	37.61%
Return on Equity (%)	91.14%	51.68%	37.61%

The current ratio of company is not applicable due to zero current liabilities. The fixed asset turnover ratio is increasing in trend. Similarly, the leverage ratio is decreasing in trend. The net profit margin is increasing in trend while ROA and ROE are decreasing in trend. The company will attend 50.70% net profit margin in the third year. The debt will be paid in the third year; the company will be debt free.

3.2 Marketing Strategy

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of their products or services (Investopedia, 2021). The marketing strategy covers 7P's of marketing described as bellows:

2.4.1 Product Strategy

The company will come up with three different products made by financial expert persons. Each of the products will have various specifications that fulfill the need and preference of the targeted customers.

Product 1: Accounting Service

The accounting services will have budgeting, spending, and saving planning features that will take around 1 weeks to complete this services as a course which will come under basic plan of our product planning category. This service will provide excel template and notebook as a tool to use the customer themselves for implementing and motivating with this services.

Product 2: Investment Advisory Service

The investment advisory services will have debt investment, equity investment, allocation of funds, return on investment features that will take around 20 days to complete this services as a course which will come under premium plan of our product planning category. This service will provide excel template and investment strategies guideline notebook as a tool to use the customer themselves for implementing and motivating with this services.

Product 3: Risk Management Service

The risk management services will have building diversified portfolio, liquid investment and illiquid investment features that will take around 1 month to complete this services as a course which will come under master plan of our product planning category. This service will provide excel template and notebook for risk management as a tool to use the customer themselves for implementing and motivating with this services.

2.4.2 Price Strategy

A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins, and input costs, amongst others. It is targeted at the defined customers and against competitors. The company will follow Markup pricing strategy for its products or services.

Markup Pricing

For Accounting, Investment Advisory, and Risk Management Service, the company will use markup pricing. 20% of markup will be added to cost incurred while producing the product.

2.4.3 Place Strategy

The company will be located at Kathmandu Metropolitan City-10, New Baneshwor, Aloknagar, 44600, Nepal. This location is chosen because this location covers many

things such as community of an educated people, area of modern lifestyle people, situated nearest to parliament building of Nepal, availability of educational institute, nearest to Hospital, businesses etc.

The monthly cost of this location will be Rs31660/- that includes office rent, water, electricity, and other miscellaneous costs. The method of distribution channel will be direct and online because the owner of the businesses has various skills related to this as well as the business nature.

2.4.4 Promotion Strategy

The company will promote its services by two ways include Direct Marketing and Advertising. Under the direct marketing form of promotion, the email marketing will be selected for promoting its services to customers. Similarly, under the advertising form of promotion, the Google ads will be selected for promoting its services to customers.

The email marketing makes the customers on your email list that is used to send an email to the customers to aware of new products, discounts and other services through official mail domain. The cost for this form of promotion is not applicable right now.

Google Ads (formerly Google AdWords) is an online advertising platform developed by Google, where advertisers bid to display brief advertisements, service offerings, product listings, or videos to web users in relation to keywords, platforms and based on PPC (pay-per-click) model. The cost for this form of promotion has estimated Rs100000/- per year.

2.4.5 People Strategy

The company will develop three positions for hiring the people for marketing purpose. The positions are Marketing Manager, Social Media Officer and Receptionist. Each position will have different recruiting criteria such Good Teamwork Skills, Commercial Awareness, Numerical Skills, Communication Skills, Networking Ability etc. for marketing position; Writing, Editing, Design, Awareness of Pop Culture and Current Events etc. for Social Media Officer position and Telephone Skills, Listening, Handle Pressure, Customer Focus, Professionalism etc. for Receptionist position.

2.4.6 Process Strategy

The company will formulate six steps process for marketing and sales plan described as bellows:

- i. **Search for a Product or Service:** In this step, the customer first search the product or services online by typing the product name in search engine box that display the millions of result of the particular keywords .
- ii. **Find Items You Like:** This step will come after successfully coming on the demanded website the customer will find the items they like.
- iii. **Adding a Product to Your Basket:** In this step, the customer will compare and select the product and add to shopping cart.
- iv. **Checkout and Pay:** In this step, the customer will checkout about the product and confirm to pay the amount.
- v. **Create an Account before You Buy:** This step will come after completing all the above steps, the customer will create an account to buy and payment the price of the product.
- vi. **Payment of Your Product:** In this step, finally, the customer will pay the price of the product and get the product through specific distribution way.

2.4.7 Physical Evidence Strategy

The company will have different physical evidences in terms of various assets some of them are described as bellows:

- **Office premises and interior decoration:** The office premises and interior decoration of this company will have well applied that protects and increased the brand value of the company in terms of various factors such as budget, space, areas of working, storage, employee wellbeing, lighting, furniture, color, etc.
- **Internet presence and website:** The internet will be the company of World Link with high speed internet connection. The internet connect type will be Ethernet that supports various computer and related devices inside the office.
- **Packaging:** The services of this company will have combined with attractive packages that include various tools and templates for consuming the service to satisfy the customers.
- **Signage:** The company will use various signage that represent brand value and its CSR activities.

- **Employee Uniforms:** The uniform of employees will be available that represents the company property made with the combination of white and green color having the brand name.
- **Business Card:** The business card of this company will be 3.5” X 2” having the combined color of white and green that represent the basic contact details of the company and concern party.
- **Mail Boxes:** The mailing system of this company will be official domain created name. That looks like example@finasset.com.

3.3 Human Resource Strategy

Human resource strategy is the process of managing the human capital to align it with its organizational goals. The human resource strategy includes the following strategies described as bellows:

2.5.1 Workforce Planning

Workforce Planning is the process of analyzing, forecasting, and planning workforce supply and demand, assessing gaps, and determining target talent management interventions to ensure that an organization has the right people - with the right skills in the right places at the right time - to fulfill its mandate and strategic objectives (National Institute of Health, 2021).

The company will not have any workforce plan for future year 4 and beyond. The company will formulate this plan after completion of first year of operation.

2.5.2 Recruitment, Selection, and Motivation Strategies

Recruitment

Lewis (1985) defines recruitment as: “The activity that generates a pool of applicants, who have the desire to be employed by the organization, from which those suitable can be selected.” The company will formulate the recruitment strategy by answering the following questions:

Table 3.10: Recruitment Strategy Question

Questions	Answers
i. Who should be recruited? ii. Where to recruit? iii. When to recruit? iv. What recruitment sources should be used? v. What message should be communicated? vi. Who should carry out the recruitment process?	i. Professional Individuals, Fresher Graduate Students ii. At company iii. In the first year of operation iv. Company's Website under external sources of recruitment v. Position related tasks and responsibility and Company's Objectives vi. Business Owner

Selection

Selection is a process of choosing the most suitable and qualified candidate for a particular position from a group of applicants. The company will apply the following process of selection as a strategy.



Figure 3.1: Selection Strategy

Motivation

The main purpose of motivation, according to Sarma (2008, 217), is to make people work with interest, enthusiasm and initiative, and be responsible, disciplined and loyal toward the company. There are a lot of motivation theories and approach among them the company will use Maslow's Hierarchy of Needs theory which helps to understand the worker needs. So, based on this theory, the company will make the motivation strategy by identifying the following qualities of the worker that they wants from their job presented as bellows:

Table 3.11: Maslow's Hierarchy of Need

Hierarchy of Need	Qualities
1. Survival	<ul style="list-style-type: none">• To work for efficient managers• To think for themselves
2. Security	<ul style="list-style-type: none">• To see the end result of their work• To be assigned interesting work
3. Belonging	<ul style="list-style-type: none">• To be informed• To be listened to
4. Prestige	<ul style="list-style-type: none">• To be respected• To be recognized for their efforts
5. Self-Fulfillment	<ul style="list-style-type: none">• To be challenged• To have opportunities for increased skill development

2.5.3 Training and Development Strategies

The training & development is the process improving the productivity and quality of work as well as the personal growth of the employees. According to Sarma (2008, 126) training and development should be done because of two factors: first, the rapid rate of technological and economic changes followed by forming new jobs and new working methods and tools, which persuade workers to gain new skills and abilities in order to keep up with the times; and second, employees' attitude towards their position, as most employees seek not only a well-paid job, but challenges and opportunities to grow and to move up the career ladder.

The company will use the following training strategy as per the organization and individual convenience for a new employee in order to be prepared the future tasks in the company and at the same time all other employees will be periodically trained as well.

- i. On-the-job training:** It is the most effective method to train the operatives, as the worker is trained at a work place and uses the same equipment and materials he/she will utilize every day; such an environment motivates the

trainee to learn. There are various ways to train the employee under this method such as job instruction, job rotation, committee assignment and job empowerment.

- ii. **Off-the-job training:** It includes programs that take place away from the job site and are conducted by professional trainers. There are various ways to train the employee under this method such as lectures, conferences, role-plays, sensitivity training etc.

2.5.4 Employee Retention Strategy

Employee retention is the process of making an employee stay in a company for a long period of time, to be loyal and productive.

The company will use the following additional tools apart from motivation and training tools to retain the employee in the company long period of time.

- i. **Orientation or Induction:** The company will use induction program for a new employee that they will be able to know about the basic philosophy, objectives, rules, politics and procedures of an organization.
- ii. **Leadership Style:** The company will use participative leadership style which means the leader and followers can both communicate each other friendly.

3.4 Operation Strategy

Operation strategy helps to run day to day business activities by determining the various factors explained as follows.

2.6.1 Product Quality Maintenance and Control Strategy

Service Quality Maintenance

Quality is the fulfillment of the requirement of the customer. The quality should be measured for both product and service oriented business. The company will use the SERVQUAL model to measure the quality of the services and formulate the various control strategy due to service oriented business in nature.

The company will measure the quality in terms of five factors under SERVQUAL model as follows:

- i. **Intangibility:** It refers to physical facilities, equipment and appearance of personnel.
- ii. **Reliability:** It is the firm's ability to perform the promised service accurately and dependably.

- iii. **Responsiveness:** It is the firm's willingness to help customer and provide prompt service.
- iv. **Assurance:** It is knowledge and courtesy of employees and their ability to inspire trust and confidence.
- v. **Empathy:** It is caring and individualized attention paid to customers

Control Strategy

There are several quality control strategies some of the following strategies will be used by the Company as mentioned bellows:

- **Continuous Improvement:** The company will always analyze the every phase of the service to see where improvements can be made.
- **Employee Monitoring:** The company will provide regular training classes to either reinforce their skills or impart new knowledge.
- **Mistake-Proofing:** The company will solve the human error to ensure high-volume output.
- **Customer Feedback:** The company will frequently use the various means of data collection to get customer feedback

2.6.2 Capacity Planning

The company will use the match capacity with demand (sales) unit capacity planning method. Under this capacity planning method, the company will exactly produce the same level of unit as demand (sales) unit. The company will determine the multiproduct capacity as Rs.27,602,738/-for 3 years of operation. The company will sale 1,200 units to meet this capacity in 3 years.

2.6.3 Technology and Facility Planning

The facility location of the company will be will be located at Kathmandu Metropolitan City-10, New Baneshwor, Alok Nagar, 44600, Nepal. This location is chosen because this location covers many things such as community of an educated people, area of modern lifestyle people, situated nearest to parliament building of Nepal, availability of educational institute, nearest to Hospital, businesses etc. The monthly cost of this location will be Rs31660/- that includes office rent, water, electricity, and other miscellaneous costs.

The facility layout of the company will design by considering the following factors as:

- **Design location:** The company will place the facility with respect to customers convenience.
- **Structure:** The company will build the service structure for the customer delivery.
- **Layout:** The company will place appropriately various resources such as equipment, machinery and furnishing within the structure.
- **Handing System:** The company will use the suitable mechanism to make interactions required by the layout are satisfied (e.g. materials, personnel, information, and equipment handling systems).

2.6.4 Purchasing Management and Inventory Management

Purchasing Management

Purchasing management is enables companies to manage purchasing functions necessary to do business. The Finasset Pvt. Ltd. is an E-Commerce service oriented business that has different functions than product oriented business. The company will develop the services by using the following cycle as bellows:

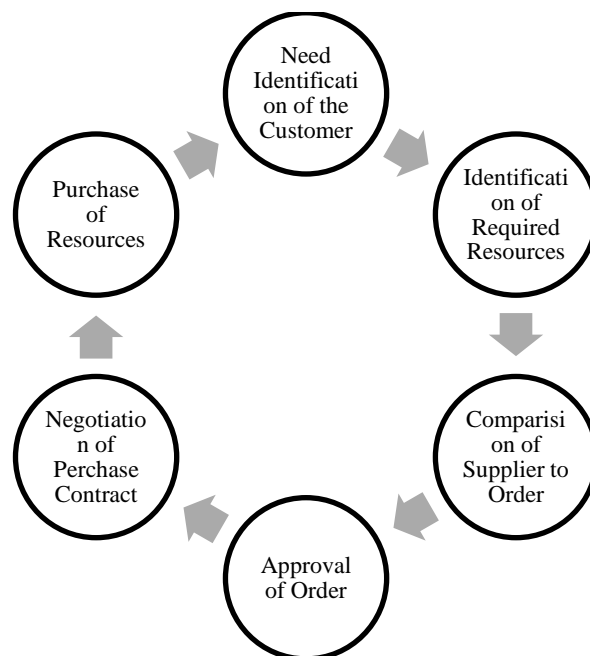


Figure 3.2: Purchasing Cycle

The company will follow above cycle if they will want to add new services for its customer. It will start from need identification of the customer and end with purchase of resources.

Inventory Management

The Finasset Pvt. Ltd. is a service oriented business and its inventory management will facilitate the customer as a resource and offer the potential for automating the process. The company will basically deal with the following factors that will the automation process as bellows:

- **Quality:** The company will provide better quality in terms of reliability and accurately
- **Speed:** The company will reduce the amount of work required to faster response.
- **Customization:** The company will offer greater variety and customization quickly at relatively low cost.
- **Price:** The company will provide greater pricing flexibility so that the customer will save the significant cost by applying the self-service option.

CHAPTER 4: SUMMARY AND CONCLUSION

4.1 Summary

The 'Finasset Pvt. Ltd.' is the legal name of the business which is one of the types of online business that is going to provide three services include accounting services, investment advisory services and risk management services that will provide through two ways of distribution include direct and online. Due to digital nature of the business, it comes under E-Commerce industry. The Nepal E-Commerce business began in the late 1990s. Bal Krishna Joshi, a co-founder of thamel.com, claims his company is the first-ever E-Commerce company in Nepal. The major strengths of this industry are accessibility and lower price while weakness is industry specific that is founder's personal motivation on this business idea. The company will use Business-to-Customer (B2C) E-Commerce business model.

The company will fulfill the various need of the individual customers such as track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom. These services basically focus on personal finance area of the financial sector. The company will segment its products or services based demographic and geographic segmentation in Kathmandu Valley. The positioning statement of this company is "finasset.com, a digital financial services provider of youth".

The company will use markup pricing. 20% of markup will be added to cost incurred while producing the product. The company will be located at Kathmandu Metropolitan City-10, New Baneshwor, Aloknagar, 44600, Nepal. Email marketing and Google ads will be selected for promoting its services to customers. The company will have B2C marketplace as an E-Commerce website that will use to sell online courses to various individual customers.

The Finasset Pvt. Ltd. is headed by the owner as MD, to whom the manager needs to report, Social Media Officer, Receptionist, Accountant and Financial Consultant need to report the manager. The company will use its own website for recruitment the candidates.

The company will use debt-to-equity ratio 1.25:1 before opening year. A sum of Rs.2,128,429 is needed to start the company. Out of Rs.2,128,429, the founder will contribute 53% of capital i.e. Rs.1,128,429 and remaining 47% i.e. Rs.1,000,000 will

be borrowed from Everest Bank Ltd at the rate of 12% per annum. So the total value of the company will be Rs.2,128,429. On the opening year company is expecting to earn Rs.11607/- thousands as a net profit after tax with Rs.2,128/- thousands opening cash balance. The company has positive Rs.32,001/- NPV and 567.83% IRR. The financial ratio of the company represents that the fixed asset turnover ratio net profit margin are increasing in trend.

The company will use SERVQUAL model to inspect the service quality. The company will determine the multiproduct capacity as Rs.27,935,651/- for 3 years of operation. The company will have to sale 4,308 units to meet this capacity in 3 years.

4.2 Conclusion

The 'Finasset Pvt. Ltd.' is one of the types of online business that will provide financial services include accounting services, investment advisory services and risk management services to its customer though two ways of distribution include direct and online. The company will use Business-to-Customer (B2C) E-Commerce business model that fulfill the various need of the individual customers such as track the income and expenditure cash flows, increase saving, proper utilization of saving and achievement of financial freedom. The Finasset Pvt. Ltd. is headed by the owner as MD, to whom the manager needs to report. A sum of Rs.2,128,429 is needed to start the company. Out of Rs.2,128,429, the founder will contribute 53% of capital i.e. Rs.1,128,429 and remaining 47% i.e. Rs.1,000,000 will be borrowed from Everest Bank Ltd at the rate of 12% per annum.

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Annexes

Note: All the value shows in the Rs.'000 form.

Annex-1: Sales Estimation

Product	Distribution	Year 1	Year 2	Year 3
Accounting	Direct	4,959	5,588	6,297
	Online	2,479	2,794	3,148
			
	Total	7,439	8,383	9,446
Investment Advisory	Direct	6,529	7,358	8,291
	Online	3,264	3,679	4,145
			
	Total	9,794	11,037	12,436
Risk Management	Direct	4,959	5,588	6,297
	Online	2,479	2,794	3,148
			
	Total	7,439	8,383	9,446
N/A	Direct			
	Online			
			
	Total			
Total Sales		24,674	27,803	31,329
Total Sales Volume		3,805	4,287	4,831
Total Sales in the Market		197,392	222,426	250,636
Market Share		13%	13%	13%

Annex-2: Sales Plan

Product	Details	Year 1	Year 2	Year 3
Accounting	Sales Volume	761	857	966
	Sales Price (Rs.)	9,777	9,777	9,777
	Sales Value (Rs) (1)	7,439	8,383	9,446
Investment Advisory	Sales Volume	1,902	2,144	2,416
	Sales Price (Rs.)	5,149	5,149	5,149
	Sales Value (Rs) (2)	9,794	11,037	12,436
Risk Management	Sales Volume	1,141	1,286	1,449
	Sales Price (Rs.)	6,518	6,518	6,518
	Sales Value (Rs) (3)	7,439	8,383	9,446
N/A	Sales Volume			
	Sales Price (Rs.)			
	Sales Value (Rs) (4)			
Total Sales Value (Rs.) (5) = (1)+(2)+(3)+(4)		24,674	27,803	31,329

Annex-3: Fixed Cost

Details	Year
Rent (see section 3.2.3)	343
Labor (see section 4.2)	4,632
Depreciation (see section 6.6)	27
Marketing or promotion costs (see section 2.5)	100
Insurance	-
Consumables including recycling and disposal	-
Transport	-
Repairs	-
Internet Expenses	21
Registration Fee Renewal	1
Domain Name	1
Web Hosting	30
Newsletter and Mailing List	10
Social Media Management Tools	22
Audit Fees	10
Preliminary Expenses	16
	-
Total Fixed Cost per year	5,279

Annex-4: Cost Plan

Product	Details	Year 1	Year 2	Year 3
Accounting	Production Volume	761	857	966
	Variable Cost per item (Rs.)	815	815	815
	Total Variable Cost (Rs) (1)	619	698	786
Investment Advisory	Production Volume	1,902	2,144	2,416
	Variable Cost per item (Rs.)	1,358	1,358	1,358
	Total Variable Cost (Rs) (2)	2,582	2,909	3,279
Risk Management	Production Volume	1,141	1,286	1,449
	Variable Cost per item (Rs.)	543	543	543
	Total Variable Cost (Rs) (3)	619	698	786
N/A	Production Volume	-	-	-
	Variable Cost per item (Rs.)	-	-	-
	Total Variable Cost (Rs) (4)	-	-	-
Total Variable Cost of the business (Rs.) (5) = (1)+(2)+(3)+(4)		3,822	4,306	4,853
Total Fixed Cost (Rs.) (6)		5,279	5,279	5,279
Total Costs (Rs.) (7) = (5)+(6)		9,101	9,586	10,132

Annex-5: Rent Expenses

Details	Monthly	Year
Rent	30	360
Water Expenses	160	1
Electricity Expenses	1	12
Other Miscellaneous Expenses	500	6
Total Fixed Cost per year Before Tax	31	379
Less: House Rent Tax Expenses (10%)	3	36
Total Fixed Cost per year	28	343

Annex-6: Labor Expenses

Particulars	Gross	SSF Fund	Actual Monthly Salary	Annual Salary
MD	95	28	123	1,482
Content Creator	11	2	14	178
Marketing Manager	25	6	31	381
Social Media Manager	15	3	19	238
Receptionist	23	5	29	348
Finance Manager	59	15	75	909
Accountant	13	3	17	205
Financial Consultant	26	6	32	393
Computer Service Technician	13	3	16	198
Web Analyst	19	4	24	295
Total	305	80	386	4,632

Annex-7: Marketing (Promotion) Costs

Means	Details	Costs
Direct Marketing		
Advertising	Google Ads	100
Publicity		
Sales Promotion		
Total Promotion Costs		100

Annex-8: Fixed Assets

Particulars	Quantity	Rate	Amount
Electronics			397
Desktop Computer	9	40	360
Cable Modem	1	4	4
Dual Band Router	1	3	3
NT Landline Phone	1	1	1
Brother Printer	1	17	17
CC TV Camera	1	1	1
Biometric Attendance Machine	1	9	9
Furniture			60
Sofa Set	1	30	30
Revolving chairs	1	2	2
Showcase	1	20	20
Desks	1	5	5
Sit- on chairs	1	1	1
Chairs	2	1	2
Total Fixed Assets			457

Annex-9: Preliminary Expenses

Particulars	Amount
Registration Fees	10
Website Development Cost	40
Total	50

Annex-10: Depreciation Schedule of Electronics (Equipment)

Year	Beginning Balance	Depreciation Amount	Ending Balance
Year 0			397
Year 1	397	79	317
Year 2	317	79	238
Year 3	238	79	158

Annex-11: Depreciation Schedule of Furniture

Year	Beginning Balance	Depreciation Amount	Ending Balance
Year 0			60
Year 1	60	9	51
Year 2	51	9	42
Year 3	42	9	33

Annex-12: Amortization Schedule of Preliminary Expenses

Year	Beginning Balance	Amortization Amount	Ending Balance
Year 0			50
Year 1	50	16	33
Year 2	33	16	16
Year 3	16	16	-

Annex-13: Amortization of Loan

Year	Payment	Interest	Principle	Balance
Year 0				1,000
Year 1	398	104	294	705
Year 2	398	66	331	373
Year 3	398	24	373	-

Annex-14: Annual Cash Flow After Tax (CFAT)

Particulars	Year1	Year2	Year3
EBIT	15,580	18,225	21,205
Less: Tax @ 25%	3,895	4,556	5,301
EAT	11,685	13,668	15,903
Add: Dep & Amortization	105	105	105
Annual CFAT	11,790	13,774	16,009

Annex-15: Company's Cost of Capital or WACC

Sources of Capitals	Weight (W)	Cost after Tax (K)	Product (W*K)
Founder Equity*	0.53	0.11	0.06
Loan	0.47	0.09	0.04
		WACC =	0.10

*Cost of equity has been assumed at 11% p.a.