

# **Windproof Umbrella**

**Lean Start-up Management (MGT1022)**

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***J Component Project Report***

***Final review***

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**Vellore Institute of Technology**  
(Deemed to be University under section 3 of UGC Act, 1956)

**October 2019**

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## CERTIFICATE

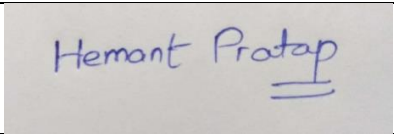
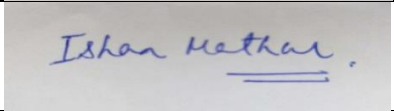
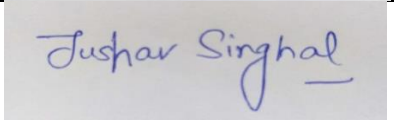
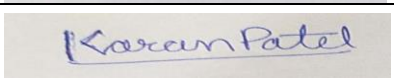
This is to certify that the project work entitled “**Windproof Umbrella**” is a record of bonafide work carried out for the fulfilment of J component of the course *Lean Start-up Management* (MGT1022).

The contents of this project work, in full or in parts have neither been taken from any other source nor have been submitted for any other CAL course.

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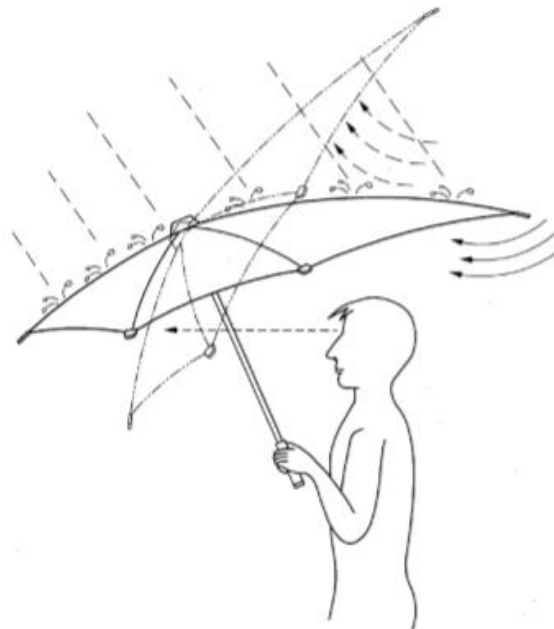
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## ABSTRACT

Generally, umbrellas are symmetrical having a circular canopy with a shank extending downward from the centre of the canopy and the non-symmetrical ones having a non-circular canopy with a shank extending downward from a non-central position of the canopy.

Typical symmetrical umbrellas are not capable of withstanding strong wind which exerts a force against the inner surface of canopy. Thus, it is often seen that the canopy inverts from its normal operable position to an outwardly convex or bowed position. A typical non-symmetrical umbrellas still provides little resistance to inversion due to high wind. Typically, a person may hold a non-symmetrical umbrella obliquely with canopy area having a shorter length in the front when high wind is blowing and heavy rain is falling in an angle with respect to the person as shown in the fig.1 below.



However, this umbrella holding manner has the danger of blocking view while walking. When heavy rain is falling at an angle with respect to the person holding the umbrella, rain can hit the lower body and the person will get drenched. This is not desirable.

So our product “Windproof Umbrella” is designed in such a way that the view is not blocked and rain is prevented from falling on the person holding the umbrella during a heavy rainfall as well as the umbrella is stable during a storm.

## Chapter 1

### Introduction to Business Plan

#### 1.1 About the Business

##### 1.1.1 Type of Business Plan

This is a manufacturing oriented business plan.

A **product oriented business plan** put in maximum effort on producing quality **product** and fixing them at the right price so that consumer differentiates the **company's products** and purchase it.

##### 1.1.2 About the Product

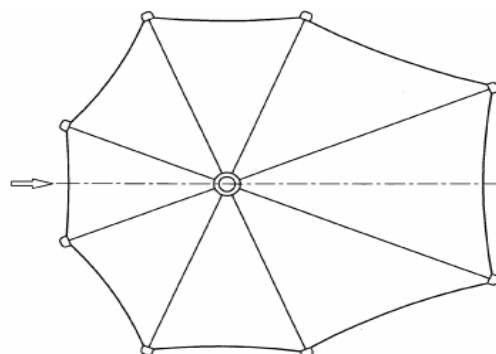
A small business can decide whether to become product-oriented or market-oriented. A product-oriented business focuses its efforts on products as its strength.

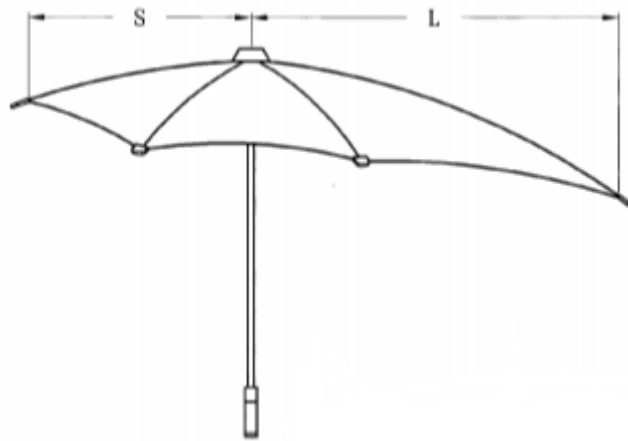
One advantage of a product-oriented business model is that it allows the business to focus on product quality. With the product-oriented method, the small business is not worried about what the customer wants to buy or what the market says will sell in a certain economy. Instead, the sole focus is on creating a perfect product. The small business can focus all its money and efforts on the design of the product so it works to specifics.

Another advantage to the product-oriented business model is that allows for a technology to be developed that can then be used for a wider range of products.

As the name suggests, windproof umbrellas are designed with winds in mind. They incorporate design features not found on traditional umbrellas. The goal of the windproof design is to create an overall sturdier umbrella, but one that can also stand up to sudden gust pressures. Each model and brand is different, but the general approach is to find ways to decrease the pressures wind can put on the canopy of an umbrella. Combined with sturdy materials, the design allows this product to withstand much stronger winds than with a traditional umbrella.

##### 1.1.3 Diagram of the product





**FIG. 1 WINDPROOF UMBRELLA**

## **1.2 Organization structure**

### **1.2.1 Discuss how the business plan will be organized**

There are different types of organisation structures :

- Hierarchical
- Matrix
- Horizontal/Flat
- Network
- Divisional
- Line Organisational etc.

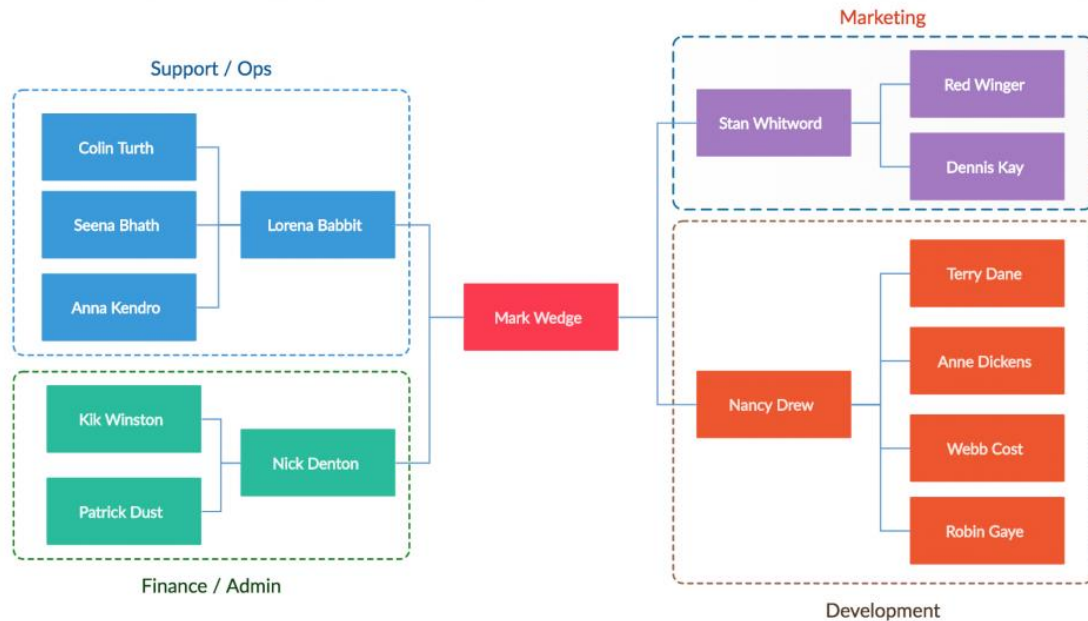
We personally chose Horizontal/Flat Organisational Structure

This is an organizational chart type mostly adopted by small companies and start-ups in their early stage. It's almost impossible to use this model for larger companies with many projects and employees.

The most important thing about this structure is that many levels of middle management are eliminated. This enables employees to make decisions quickly and independently. Thus a well-trained workforce can be more productive by directly getting involved in the decision-making process.

This works well for small companies because work and effort in a small company are relatively transparent. This does not mean that employees don't have superiors and people to report. Just that decision making power is shared and employees are held accountable for their decisions.

### Org Chart Layout for a Flat Organization



**FIG.2 CHART LAYOUT FOR FLAT ORGANIZATION**

So in summary, when deciding on a suitable organizational chart, it is important to have an understanding of the current organizational structure of your company.

#### **Justification :**

When a start-up begins, running flat is often the logical approach. If a company has only a dozen employees, the founder may be able to supervise them all personally. Having a formal management structure beyond "I'm in charge" seems unnecessary. Start-up staff members who have come from larger corporations may relish going flat as an alternative to bureaucracy.

The appeal of the flat organizational structure is that it avoids some of the problems that bog conventional management hierarchies.

- Things move faster because decisions move up and down a smaller chain of command.
- Proposals and ideas that middle management might shoot down go straight to the boss. The fewer the people who get to veto an idea, the better the chance of good ideas becoming reality.
- New products and services reach customers faster.
- Overhead is lower because there are fewer managers drawing a paycheck.
- Employees enjoy the freedom that comes with choosing their own projects and managing their own work.
- When there's a problem, the most qualified person can step up and tackle it without worrying about formal authority.
- With no hierarchy, there's no risk of working under a toxic, bullying boss.



### 1.2.2 Describe the number of hierarchical positions of manpower to be decided.

Our organization will have three management levels:

- Low-level managers;
- Middle-level managers; and
- Top-level managers.

These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid.



**FIG.3 MANAGEMENT PYRAMID**

Below, you'll find the specifications of each level's different responsibilities and their likely job titles.

#### Top-level managers

The board of directors, president, vice-president, and CEO are all examples of top-level managers.

These managers are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business.

In addition, top-level managers play a significant role in the mobilization of outside resources.

Top-level managers are accountable to the shareholders and general public.

#### Middle-level managers

General managers, branch managers, and department managers are all examples of middle-level managers. They are accountable to the top management for their department's function.

Middle-level managers devote more time to organizational and directional functions than top-level managers. Their roles can be emphasized as:

- Executing organizational plans in conformance with the company's policies and the objectives of the top management;

- Defining and discussing information and policies from top management to lower management; and most importantly
- Inspiring and providing guidance to low-level managers towards better performance.

Some of their functions are as follows:

- Designing and implementing effective group and intergroup work and information systems;
- Defining and monitoring group-level performance indicators;
- Diagnosing and resolving problems within and among work groups;
- Designing and implementing reward systems supporting cooperative behaviour.

#### Low-level managers

Supervisors, section leads, and foremen are examples of low-level management titles. These managers focus on controlling and directing.

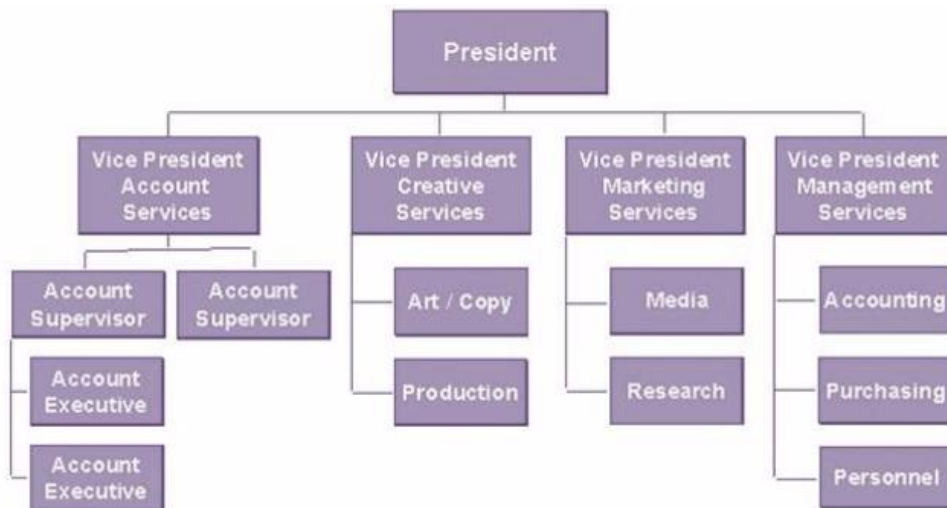
Low-level managers usually have the responsibility of:

- Assigning employees tasks;
- Guiding and supervising employees on day-to-day activities;
- Ensuring the quality and quantity of production;
- Making recommendations and suggestions; and
- Upchanneling employee problems.

Also referred to as first-level managers, low-level managers are role models for employees.

These managers provide:

- Basic supervision;
- Motivation;
- Career planning;
- Performance feedback; and
- Staff supervision.



**FIG.4**

### **1.2.3 Explain the process of discharging responsibility**

**The process of Delegation of Authority and responsibility:**

**There are three elements or steps followed when delegating authority.**

#### **1. Assignment of Task:**

In situations where a manager has a heavy workload, the only way to accomplish the job within the given time-frame is to delegate duties to the subordinates. But this can only take place when the manager divides the workload into various parts. Then, he or she will also determine the part that goes to the subordinates. However, the process by which a top manager defines the task that goes to the subordinates is the assignment of duties. But it is best to delegate responsibilities to subordinates based on their experience, knowledge, qualification, and training.

#### **2. Granting of Authority**

The assignment of duties will be useless if the subordinates do not have the same power and right the manager would need to accomplish the same task delegated to them. So for the delegation of authority to have an impact, the subordinates should be granted enough power. And this includes the right to spend money on the task, represent the company outside, use raw materials and instruct other persons working with him or her to accomplish the given task.

#### **3. Creation of Obligation**

The creation of obligation also called accountability for performance is the last lap in the process of delegation of a duty. At this stage, once the subordinate accepts the request to work on the project, it then means he or she has invariably agreed to be accountable and put on the best performance in the discharge of his or her duties.

## **1.3 Background work**

### **1.3.1 Reference supporting your current choice**

This invention relates generally to umbrellas, and more particularly, is directed to an umbrella that is resistant to inversion from the wind. Quite frequently, a wind will catch an umbrella user unaware and exert a force against the inner Surface of the canopy which will cause the canopy to invert from its normal operable position to an upwardly convex or bowed position.

Accordingly, specially designed umbrellas for rainy, windy weather, have been proposed, as described, for example, in U.S. Pat. No. 3,032,047 to Wendorf. This patent discloses a storm umbrella with a canopy draped over the ribs and secured thereto and in which the canopy has a plurality of holes circumferentially arranged near the centre thereof. A circular piece of fabric is disposed over the holes and is secured at spaced points to the ribs by Stitching or the like. Accordingly, free passages for air exist underneath the unattached portions of the circular piece of fabric and through the holes in the fabric cover.

However, this umbrella provides little resistance to inversion due to high winds. This is because the openings are provided at a radially inward position which is extremely close to the hub and therefore have a very small diameter.

Furthermore, because the circular piece of fabric is stitched to the ribs, there is little flexibility thereof.

Accordingly, the space between the canopy and the circular piece of fabric is very small and therefore provides a high resistance to wind exiting through the holes in the canopy.

### **1.3.2 Surveys**

The present invention provides various embodiments of windproof umbrellas that prevent inversion of the umbrella while also preventing rain from falling on the user. When we come into the public place with umbrella in a rainy day, the umbrella often stays outdoors to dry up the water. However, the rainy day often is with the wind, so the umbrella is easily blown away, which brings a lot of inconvenience. Through our survey, we find that the ordinary umbrellas stretch on the ground with 45 degrees. An organisation by the name “Senz” conducted a survey in which they asked the consumers what they want in an umbrella and here are some of their responses-

1. “My old umbrella was falling apart, so was looking for a reliable strong one. I was extremely impressed by the Repel umbrella, it opens very easily with the red button and also is very easy to close and put away. The umbrella is very sturdy and doesn’t buckle

at all from strong winds or rain. It comes with a nice repelling case. I would strongly recommend this umbrella for someone looking for a strong easy to use reliable product.

2. The Senz Umbrella is great for protecting yourself from the rain and does greatly help protect your back from water when the wind is blowing. Being in Vancouver, BC for an extended period of time I was looking for a umbrella that would protect me from the horrible wet waist/pants issue that would come up if the wind was blowing from behind. This umbrella is much easier to deal with in the wind in general (whether walking against, with, or perpendicular) then a normal umbrella. Using for the last few months It has worked extremely well and does everything it advertises. I would recommend the larger XL size if you plan on wanting to protect someone else with you as the Large is pretty good for a single adult male.

### 1.3.3 Preliminary Work

There is a brand of umbrella **“Pro-Am 60 Golf Umbrella”** which is available in a multitude of colours and combination. With a wide 60"arc, double-ribbed frame, sturdy metal shaft and handsome wooden handle, the customers will value the quality construction that protects them in conditions that would shred most standard umbrellas while keeping the brand prominently displayed.

Others will see and recognize the brand that provided such a helpful yet basic necessity.



**Fig. : Pro-Golf Umbrella**

Also there is another brand called **“Booster Golf Umbrella”** - a great 60" arc, economical golf umbrella. Constructed of sturdy steel shaft and double steel ribs. Straight wood handle. Wind reflex frame for added durability. It comprises a lower canopy secured in covering relation on said ribs, said lower canopy including a plurality of vent holes therethrough, said vent holes being arranged between said post and said free end portions of said ribs, and said vent holes having upper peripheral portions at portions of said vent holes

closest to said upper end of said post, and said vent holes having lower peripheral portions at portions of said vent holes closest to said free end portions of said ribs.

## **1.4 The Motivation**

The modern umbrella is not all that different from historical umbrellas when it comes to the techniques incorporated in the product. Although materials have improved, most umbrellas perform poorly in strong winds. Windproof umbrellas are a solution to this problem and very popular with customers living in areas with windy conditions during storms.

### *The Scenario*

Most of us have suffered something similar to the following scenario. You are heading to work one day in a storm. You are forced to get out in the weather at some point during the trip. You open the umbrella, step out and start walking. The wind starts battering the umbrella. Before you know it, the fabric has pulled off the support poles or the poles have bent back. You are now getting drenched in the rain and wind. By the time you get to work, it looks like you have been in an hour long conference with dolphins.

If you haven't experienced a situation such as this, consider yourself lucky. The truth is a collapsing umbrella is a nightmare whether you are going to work, shopping or just taking the kids to school. Windproof umbrellas represent the latest approach to dealing with this problem.

### *The idea*

A good umbrella can keep you dry in a downpour and will keep its shape intact even in high winds. By understanding the laws of aerodynamics and outsmarting the establishment, we have redesigned the old umbrella that can withstand any weather, even storm winds of up to 100km/h! Also these umbrellas are easy to hold. Their unique shape adapts to ever-changing winds, making them comfortable to carry.

### *The Market*

Windproof umbrellas are appropriate for any retailer selling umbrellas in general. These umbrellas are available for one and two people, so the product options do not limit the target market. Obviously, the unique selling position for these products is their ability to function in higher wind conditions. Any customer who has experienced a failed umbrella, and most umbrella users have, will be very interested in this product. In this sense, the windproof umbrella is almost an up sell provided by Mother Nature.

## **Chapter 2**

### **Business Details**

#### **2.1 Business Location**

##### **2.1.1 Location of business**

The location of a business is the place where it is situated. There are a number of factors that need to be considered in choosing a location for a business. One of the earliest decisions any entrepreneur has to make is where to locate his or her business. In order to do this, he or she has to make a careful assessment of costs. The ideal location would be one where costs are minimised. The entrepreneur would need to look at the benefits which each area had to offer as well as any government help which might be available. Considering this we have chosen Kolkata as our business location.

The main factors because of which we chose this location are:

- **Market**

The nearness of the market and the cost of delivering the goods is an important factor because of which we chose Kolkata.

- **Raw materials**

If the raw materials are bulky and expensive to transport it will clearly be in the entrepreneur's interest to locate near to them and Kolkata is near to almost all the places from where we can get raw materials to make an umbrella.

- **Transport costs:**

The two major influences are the pull of the market and the pull of the raw materials and these are determined by whether or not the industry is bulk-increasing or bulk-decreasing.

One of the major advantages of choosing Kolkata as our business location is cheap transport facilities.

- **Land**

Land costs vary in Kolkata. We personally chose Sodepur because the land costs there varies between 1700-5600 / sqft. The cost is not too less and not too much for a new start-up.

- **Labour**

The availability of labour is another factor. Kolkata's proximity to major unemployment affected regions makes it easy to find cheap and semi-skilled labour required for this business.

- **Waste disposal**

Certain industries produce considerable waste and the costs associated with the disposal of this might affect their location. Kolkata has a fairly good municipal solid waste management

facilities. Since manufacturing umbrellas doesn't generate much waste, Kolkata is an apt location.

- **Government**

Government provides special assistance to areas of high unemployment. This takes place within the UK, and is also a feature of wider European Union regional policy. The same case is with Kolkata. An initiative of the Government of West Bengal, facilitates start-ups to access the various resources of the Start-up Eco System available in the State. More importantly, Start-up Bengal helps to foster an entrepreneurial culture in the State.

## **2.2 Company Name and Logo**

**Company Logo:**



**FIG 5. THUNDER UMBRELLAS LOGO**

❖ **Justification for the name and logo:**

Since the main aim of our product is to not only protect our customers from rain but also prevent their umbrellas from flipping over in a storm which usually happens when you use a regular umbrella and since thunders are part of storms therefore we discussed amongst ourselves and decided to keep our company's name as "Thunder Umbrellas" and the company logo as shown above.

## **2.3 The tagline of our company:**

**"I didn't invent the rainy day. I just own the best umbrella."**

❖ **Justification for the tagline:**

We chose this tagline for our product because it aptly describes our product. We cannot do anything about the rains and storms; We cannot stop going outside because of them. The only thing that we can do is buy a good umbrella that will protect us from rains and thunderstorms.



And our umbrella will not just protect our customers from rains but also from uninvited thunderstorms successfully. Besides aptly describing our product this tagline has a philosophical meaning to it as well that's why we chose this quote as a tagline for our product.

## **2.4 Management and employees**

Most lenders and venture capitalists base their investment decisions mainly on the strength of the company's management. In general, there is a common belief that the qualifications of the management are one of the most important criteria for a lender or investor in deciding to invest in a venture. It often happens that despite a well-presented business plan, an investor does not have the technical knowledge necessary for judging with confidence the viability of a specific business. Issues such as projections of future market potential, product competitiveness or technological trends can often be very difficult for persons not directly involved in the business. However, if they believe that the management has the necessary experience, track record, competence and reputation, they will be more inclined to finance the business.

On the other hand, no serious lender or investor will ever finance a business before the management has been properly examined, regardless of how great the business opportunity appears to be. The same will apply if the management presented does not appear to have the required experience, competence and ethics.

- Show that the key members of the management team have been identified, are available and keen to join the team
- Demonstrate that they have the required talents, skills and experience to achieve the objectives and goals.

It is also important that the individual skills of the members of your team complement each other and that they can cover jointly all the functions and disciplines necessary for running the business.

### **2.4.1 Managerial Level People Required**

- 1) General management: The general management should have the following responsibilities:
  - Communicating- The ability to communicate clearly and effectively in written and oral form. The ability to explain ideas and put forward arguments.
  - Making decisions-The ability to listen, receive input from others, consider all relevant factors and make decisions quickly. Ensure that major decisions are taken in agreement with the other members of the management. Follow up to ensure that these decisions are implemented.

- Planning-The ability to develop and implement action plans, identify obstacles, establish attainable goals, define tasks and assign them to the management team.
- Problem solving-The ability to gather and analyse facts, anticipate problems and know how to avoid them, implement solutions effectively, and follow up thoroughly.
- Objective setting-The ability to properly define and set objectives with management (derived from the overall business objectives of the firm) and to monitor and assess their completion.
- Team selection-The ability to understand the strengths and weaknesses of people, select, hire and appoint or promote the right managers to the appropriate positions.
- Leadership-The ability to develop a vision, define a business mission and inspire and motivate others to pursue it.

2) Operations: The operations department should have the following responsibilities:

- Inventory and quality control-The ability to establish suitable inspection standards and quality control procedures, and set up effective systems for managing the inventory of raw material, finished goods or goods in process.
- Manufacturing-Experience of the manufacturing process, openness to continuing improvements, understanding of time, cost and quality needs of the client, and ability to use machinery, material and people's skills in an effective way.
- Purchasing-The ability to identify the most appropriate sources and suppliers (considering cost, delivery time and quality) in order to effectively negotiate contracts and to optimally manage the schedule of buying products and services.

3) Financial management: The financial management should have the following responsibilities:

- Financial management-The ability to produce detailed up-to-date and projected income and cash flow statements and balance sheets as well as to analyse and monitor the overall performance of the business by using financial ratios.
- Control of funds and cash-The ability to design and implement overall and individual systems for effectively executing and monitoring all money operations and particularly spending of the firm. Make sure that costs remain within budget and cash flow is under control.
- Fund planning and raising-The ability to forecast financing needs and structure debt/equity, short- versus long-term loans, etc. Familiarity with sources of funds and procedures for obtaining them.

4) Marketing/ sales management: The marketing/sales management should have the following responsibilities:

- Evaluation and research-The ability to conduct thorough market studies by using the best available information, to properly interpret and analyse the results, and to derive clear and correct conclusions.
- Planning-The ability to develop effective promotion, advertising and sales programmes with sales representatives and distributors.
- Product continuation-The ability to determine service and spare parts requirements, track customer complaints, and supervise the establishment and management of the service organization.
- Product distribution-The ability to manage and supervise product flow from manufacturing through the channels of distribution to the end user, with attention to costs, scheduling and planning techniques.

5) Engineering and R&D management: The engineering and R&D management should have the following responsibilities:

- Development-The ability to guide product development so that a product is introduced on time and within budget, and meets the customers' needs.
- Engineering-The ability to supervise the final design through engineering, testing and manufacturing.
- Research-The ability to distinguish between basic and applied research, keeping a bottom-line balance.

6) Human resources management: The human resources management should have the following responsibilities:

- Technical skills-In-depth knowledge of recruiting strategies, people and performance assessment schemes, training procedures, human resource development concepts, modern compensation and incentive schemes, outplacement, etc.
- Culture-The ability to create an atmosphere and attitude conducive to high performance and rewarding good work verbally and monetarily.
- Conflict-Ability to deal with differences openly and resolve them through teamwork.
- Help-The ability to listen to and understand human problems and needs, to assess situations in which help is needed and to initiate actions and follow them up.

## 2.4.2 Hierarchy of your administration

Our organization will have three management levels:

- Low-level managers;
- Middle-level managers; and
- Top-level managers.

These managers are classified in a hierarchy of authority, and perform different tasks. In many organizations, the number of managers in every level resembles a pyramid.



Below, you'll find the specifications of each level's different responsibilities and their likely job titles.

### Top-level managers

The board of directors, president, vice-president, and CEO are all examples of top-level managers.

These managers are responsible for controlling and overseeing the entire organization. They develop goals, strategic plans, company policies, and make decisions on the direction of the business.

In addition, top-level managers play a significant role in the mobilization of outside resources.

Top-level managers are accountable to the shareholders and general public.

### Middle-level managers

General managers, branch managers, and department managers are all examples of middle-level managers. They are accountable to the top management for their department's function.

Middle-level managers devote more time to organizational and directional functions than top-level managers. Their roles can be emphasized as:

- Executing organizational plans in conformance with the company's policies and the objectives of the top management;
- Defining and discussing information and policies from top management to lower management; and most importantly
- Inspiring and providing guidance to low-level managers towards better performance.

Some of their functions are as follows:

- Designing and implementing effective group and intergroup work and information systems;
- Defining and monitoring group-level performance indicators;
- Diagnosing and resolving problems within and among work groups;
- Designing and implementing reward systems supporting cooperative behaviour.

Low-level managers

Supervisors, section leads, and foremen are examples of low-level management titles. These managers focus on controlling and directing.

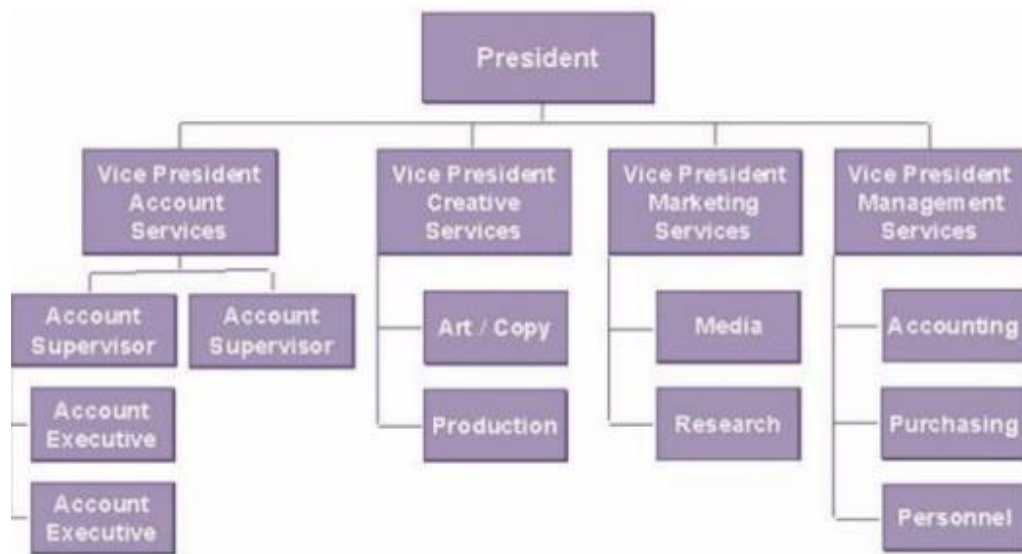
Low-level managers usually have the responsibility of:

- Assigning employees tasks;
- Guiding and supervising employees on day-to-day activities;
- Ensuring the quality and quantity of production;
- Making recommendations and suggestions; and
- Up-channelling employee problems.

Also referred to as first-level managers, low-level managers are role models for employees.

These managers provide:

- Basic supervision;
- Motivation;
- Career planning;
- Performance feedback; and Staff supervision.



### 2.4.3 Employees required (number and qualification)

The varied skills required for the employees to accomplish their goals are:

- **Data analysis**-Data analysis provides support to a company to make decisions on what is beneficial for the survival in the market and what isn't and then making conclusions in their strategies accordingly. It depends on the company how they analyse and target these using their products and services. The better they understand, the more they gain.
- **Problem solving skills**-This is a very important skill that every professional must possess. The aim of every individual is to solve the problems quickly and with great sense so that you can please everyone. You need to bring out your own solutions which are **out-of-the box** and which are not expected so that you built a good image in front of others. Solving your problems independently is crucial to success at any start-up and can also help you in fetching promotion.
- **Sales experience**-Individuals in the start-up group often like to contract workers with deals experience. Numerous new companies at their centre are offering items and administrations to the customer, and there is an awesome requirement for individuals who know how to advance what an organization offers. The issue is that most millennial labourers have a really poor supposition of offers employments, and they keep away from these occupations at all costs.
- **Structured writing**-Any individual working in a start-up company must know good content writing that will help them making their assignments and presentations. Writing is a very

vital element used in communicating. You need to communicate sensibly as your loss and gain depends on the way you communicate.

- **Make right decisions**-It is very essential for an employee in start-up to think well. If he thinks well, he can make right decision. As start-ups work at a greater speed than any organisation, often the employees tend to take wrong decision in hurry. Thinking and analysing over decisions should not be looked over. You have to take a while and think over the decisions whether it will be beneficial for a longer term to the company or just last for few days. One step can lead you to a fall. So take your time, think about the pros and cons and also about the other members as well.
- **Consistency**-A person working in a start-up is always going through ups and downs. It is a common phenomenon among start-up employees, thus is very important to keep calm all time. One thing you must remember is however difficult the work is, you must never give up.
- **Leadership quality**-Having a leader within is essential for taking forward a full-fledged company. Working with hundreds of people on same platform with different ideas, needs a person who can cooperate and coordinate efficiently.

**Figure I.1. Role of the employees in the business planning process**



### **FIG.6 ROLE OF EMPLOYEES IN BUSINESS PLANNING PROCESS**

The number of people you have in your company at any time is a very important part of getting the company building process right. Too many and you will slow things down, burn through too much cash, and increase management overhead for no real benefit. Too few and you will be resource-constrained and unable to grow as fast as you'd like.” In many cases, figuring out the perfect number of employees is easier said than done. So how many employees do you need, and when should you hire them?

- Understanding your business needs-Hire people who are qualified to get specific jobs done. In order to do that, you need to understand what your start-up requires to get your ideas off the ground. Do you need a software engineer? A graphic designer? Evaluate your needs and hire accordingly. Then, decide whether you want to hire temporary or part-time employees, or full-time employees. Depending on your needs, you may also want consider hiring consultants, contractors, or virtual resources
- Keep the team small at first-In general, it tends to be advantageous to keep your team smaller from the get go. The rule of thumb is to hire slowly and wisely to help keep costs down. But even if you can afford to hire more people, it may not be a good idea in the beginning. “Team dynamics are easier in a small group,” explains Wilson. “They get harder in a larger group. Things don't happen as quickly in larger groups. More management overhead is needed. All of these things work against you as a start-up trying to get somewhere before someone else does.” The bottom line? Don’t rush to hire. Always take your time to ensure you’re making the right choices.
- Consider the future-When you do finally hire, you must do so with the future in mind. Where do you see your company in five years? What will it be doing? How large will it be? The answers to these questions will help you guide your hiring decisions.



## Chapter 3

### Marketing and Sale of product

#### 3.1 Target Customers:

Windproof umbrellas are appropriate for any retailer selling umbrellas in general. These umbrellas are available for one and two people, so the product options do not limit the target market. Obviously, the unique selling position for these products is their ability to function in higher wind conditions. Any customer who has experienced a failed umbrella, and most umbrella users have, will be very interested in this product. As a business, to remain relevant to your target markets, you need to constantly remind them of your existence or you lose out to the competition. Even the most popular brands still come up with marketing strategies to keep up with the markets and the competition. Promotional items are some of the best you can use to make an impression on your customers and potential customers. The main target customers for the windproof umbrella are:

- Women- Most of them perceive umbrellas a fashion accessory, which means you need to be very peculiar about colours and their utility value, too. Parasols and small standardized umbrellas in exciting colours and patterns work best for them. Women are always fond of such umbrellas and love carrying them over their shoulder or within bags. Bubble umbrellas, telescopic folding umbrellas, and various fashion umbrellas are worthy of consideration, too.
- Children- If you think a promotional children's umbrella is a wastage of money, then you are making one blunder assumption of the year. Kids love their umbrellas as much as adults and often think highly of a person or brand, which gifted them unique umbrella. By investing in a kids umbrella, you are actually targeting two segments – parents and kids. You can go for typical kid's umbrella with funny imprints over canopy, mini umbrellas and small sized windproof umbrellas.
- Youth- If you wish to target teens and youth, then colour and novelty are the key to success. It is an age, when most of them are tend to leave their umbrellas at home and don't mind getting wet in rain. If you wish to make them little responsible, then don't hesitate to gift them flashy and eye-popping umbrellas. Your slogans and brand symbols will definitely work magic over their minds. Also, they will take no time in appreciating your efforts in addressing them. After all, appreciating good and criticizing bad is another trait of a youth.
- Professionals and executives- They always wish to look perfect and strive hard to achieve that immaculate look. You can accentuate their confidence by handing them an executive standardized umbrella in authentic colours such as brown, black, blue, etc. In short, these are

the folks, who love authoritarian umbrellas featuring extra width canopies, storm vents, etc. Wood stock umbrellas are the elegant choice if you are targeting your employees.

### **3.2 Strategies for attracting customers**

We all know marketing is essential for all businesses, but it's even more important for start-ups. Unless people know about your start-up and what it offers, they probably won't buy your products or services. Given below are some useful strategies for attracting the customers:

1. Identify your ideal client- It's easier to look for customers if you know the type of consumers you seek. Without a composite of your ideal customer, you probably wouldn't know where to start looking.

“Have a crystal clear picture in your head of exactly who you're targeting,” says former OPEN Forum community member Nicole Beckett, president of Premier Content Source. “Think about what makes those types of people happy, sad, scared, relieved, and then think about how you can make their lives a little easier.

Narrow down the focus of your ideal client and avoid making broad target market statements, such as every woman, every man or all baby boomers. Few products appeal to that vast of a group of people, and overstating your market will prevent you from developing viable targeted strategies for attracting clients.

2. Discover where your customer lives- With your targeted customers in mind, “identify those places where they are likely to be found (media, online, offline, mail, etc.), and then create messages for them,” says Jeff Motter, CEO and chief marketing officer of East Bay Marketing Group.

Where you look for customers will depend on the nature of your business. Some good online locations include forums and social media pages, including your own and those of similar or complementary businesses. Offline, you can meet plenty of potential customers at conferences and conventions in your industry.

3. Know your business inside and out- Thoroughly understanding your industry and having a firm knowledge of your product or service is critical to being able to attract interested clients. When you know your product backward and forward, that fact comes through. The people who would be interested in your offerings can see how knowledgeable you are and will seek your assistance.
4. Position yourself as the answer- Give potential clients you come into contact with a good reason to try your services, which is your first step to making them loyal customers, suggests Jason Reis owner and lead programmer for Flehx Corp.

“Provide value and establish yourself as having an in-depth understanding of the problems they are looking to solve,” he says. “This takes the form of creating content via webinars, blog posts, guest blogging, and getting out there and physically networking with people. From all this you will start to attract a following, and as long as you have a structured sales funnel setup, you will be able to convert the followers/fans into paying customers.”

5. Try Direct Response Marketing- Your best bet for reaching out and touching customers is to use tactics to encourage them to complete a specific action, such as opt into your email list or request more information.

Create messages directed at your target market, suggests Motter. “Learn to create ads that attract your ideal clients by giving them something of value for free to get them started in your funnel. Learn all you can about direct response marketing practices, because they will teach you to focus on results that matter. Create compelling messages that tell your ideal audience why they'd have to be a fool not to work with you. Show them you understand their pain, and can make it go away faster and cheaper than they could without you.”

6. Build Partnerships- Teaming up with businesses that offer complementary services offers you the opportunity to take advantage of synergy, which can be very effective in building a business. For instance, if you have a company that specializes in SEO, consider teaming up with a business that builds websites.

When all is said and done, nurturing relationships, either with other business owners or customers, helps you create a client base, Beckett suggests. “Focus on building human relationships. The stronger your relationships are, the more likely your customers will be to tell their friends about you. And, the more likely they'll be to come back.”

7. Follow up- After your efforts to bring in business, always remember to close the loop, suggests Josh Sprague, CEO of Orange Mud. “Remember to set follow up tasks (follow up to sample sent, etc.), and execute your plan. So many leads and great conversations are wasted because you forget to follow up.” Doing this simple step is sure to get your client base to grow.

### **3.3 Details about your product or service**

- The problem with most umbrellas, as any storm survivor will attest, is that an umbrella's hinges -- which give it retractability -- are also its weakest point, making it vulnerable to strong winds that fill the canopy. If a powerful gust of wind doesn't flip an umbrella over entirely, it's likely to break the hinges and turn it inside out.
- A windproof umbrella comprises a canopy including an upper canopy, a lower canopy not equal to upper canopy in size, and a vent hole provided in the center portion of the lower

canopy; and a multiple frame including a shank, stationary hubs fixed on the shank, rings slidable along the shank, ribs for supporting canopy, and spreaders. Air beneath the lower canopy exits through a gap formed between upper and lower canopies when frame is stretched. Also, rings moves synchronously along the shank such that the stretching and folding of upper and lower canopies can be smooth and synchronous.

- When wind rushes beneath the, the umbrella stabilizes instead of flipping. The handle allows the umbrella to turn on its own when it encounters wind. a windproof umbrella includes a post having a lower end to be grasped by a user and an opposite upper end; a plurality of ribs extending outwardly in a radial direction from the upper end of the post; a lower canopy secured in covering relation on the ribs, the lower canopy including at least one lower vent hole therethrough; bead means secured to the lower canopy in surrounding relation to the at least one lower vent hole for preventing entry of water through the at least one lower vent hole; an upper canopy positioned over the lower canopy in covering relation to the at least one lower vent hole, the upper canopy including at least one upper vent hole therethrough positioned closer to the free ends of the ribs than the at least one lower vent hole, an outer peripheral edge and a plurality of slits extending inwardly in a radial direction from the outer peripheral edge thereof, each slit being arranged generally in line with one rib; and elastic fastening means for securing the upper canopy between the upper end of the post and the free ends of the ribs with an elastic tautness.
- As to ventilation, according to the principles of air dynamics, it is known that wind will move from a high pressure region to a low one. It is also known that the air pressure beneath umbrella is lower than that above umbrella when a person holds an umbrella in walking. during windy weather, wind that is caught beneath the lower canopy through the vent hole and applies pressure to the upper canopy . This forces the upper canopy lift away from the lower canopy a predetermined distance to provide a path through the gap for the wind to escape the upper canopy . This can effectively release pressure of the strong wind beneath umbrella, thus preventing inversion.

### **3.4 Alternative sources for your products and services**

State and explain the alternative sources or substitutes for your product to be produced or service to be rendered. Also, explain how these substitutes or alternatives can affect the demand of your product or service.

Weatherman is an industrial-strength fiberglass to prevent inverting and breaking. Wind-tunnel tested to withstand gale-force winds up to 55 MPH. Fabric woven with Teflon™ to ensure maximum water repellency. Translation: It holds up. The Weatherman™ app syncs with built-in Bluetooth technology to locate your umbrella.

➤ **Fabric Selection for Umbrellas**

Historically speaking, a variety of fabrics had been used for making umbrellas that included linen, cotton, leather, taffeta variety of silk, lace and the special fabric that was first made for umbrellas only- the Gloria.

Gloria which means ‘bright’, is a plain weave of silk and wool, and silk and cotton. After that, rayon and acetate were widely used for making umbrellas. Nowadays, the fabric generally used is nylon taffeta with an acrylic coating on the underside and a scotch-guard type finish on the top.

Most recently, microfiber fabrics with new water repellent finishes are also being used by the umbrella manufacturers.

➤ **Variations of Umbrella**

The above-described process is typically followed for making a stick umbrella. There are collapsible rain umbrellas too, which are mechanically more complicated than stick umbrellas, although they are made through the same basic technology.

The difference between the two is that while making a collapsible umbrella a two piece shaft that telescopes into itself are used. Apart from this, an extra set of runners along the top of the umbrella is also provided.

A good quality umbrella is always comfortable to use and truly serves the purpose for which it is made. At one point of time, an umbrella having a number of panels was considered to be of good quality but with the improvement in the quality of fabrics and other materials, it no longer stands as a criterion for a good quality umbrella.

When buying an umbrella one should look for the comfort of the handle, the ease with which the umbrella is opened and closed, and the closeness with which the canopy segments are connected to the ribs.

Every business face some form of competition, even monopoly industries. Most of the competition comes from substitute products. A substitute product is one that serves the same purpose as another product in the market. Getting more of one commodity allows a consumer to demand less of the other product.

The demand for substitute products shows a negative correlation. That is, consumption of one product reduces or replaces the need for the other. For example, if you are moving from

point A to B, you can only use a car, bicycle or another mode of transportation. However, the demand and pricing of substitute products exhibit a positive correlation. It means if the price of one product increases, the demand for the other increases.

For example, coffee can be said to be a substitute for tea, and solar energy is a substitute for electricity. If the price of coffee goes up, the demand for tea goes up too and vice versa. From the graph above, if the price of coffee increases, there is a correspondent increase in the demand for tea from Q1 to Q2. It will only apply if we assume that the price of tea remains constant. It is unlikely to see a person drinking coffee and tea at the same time. However, it is not hard to find an entity that uses both solar energy and electricity.

### **Impact of Substitute Products:**

#### **1. A product with several substitutes is hard to price**

Since every producer of the substitute product is trying to sell more and the only things they can rely on are branding and pricing. Thus, the prices of products with many substitutes are highly volatile. In a market where there are fewer substitute products, there is a probability of earning higher profits.

#### **2. Customers are given a wide variety of products to choose from**

The availability of more products can lead to a higher utility. No one single product can satisfy all consumers of a particular type of products. Therefore, the greater the number of substitutes, the higher the probability of every consumer getting what is right for them.

#### **3. High competition**

The greater the number of substitute products in the market, the more rivalry exists in the industry. When the competition becomes intense, there are imminent risk-associated controls.

#### **4. Low-quality products**

In a bid to be the lowest seller in the market, companies try to use the least amount of resources in their manufacturing process to reduce costs. However, it works against the welfare of the consumer and leads to the production of low-quality products.

## **Chapter 4**

### **Strategies and Planning**

#### **4. 1. Competitors**

State the other businesses which you feel competitive to your lean start-up business idea? Also explain the factors based on which your competitors are competitive to your business?

The other business which is competitive to our lean start up business idea (windproof umbrella) is “Raincoats”. The raincoat is competitive in the sense it is much better in keeping your whole body dry if the rainfall is too strong, but it should be the trench coat kind of raincoat; otherwise your legs will be wet. An umbrella can keep you dry if the rain is moderately strong. But if the droplets are becoming bigger, they will definitely hit your legs or even your torso. Wearing a raincoat when the downpour is strong will keep your legs and torso dry.

Also, when the downpour is strong, it gets harder to hold up an umbrella. Not only are you trying to avoid getting wet, but you’re also exerting extra effort to hold up your umbrella that is feeling heavier by the minute. Another advantage of raincoats is when the wind is getting stronger. It’s hard to hold an umbrella upright when the wind is trying to blow it away. But if you are wearing a raincoat, you won’t have that problem.

Thus raincoats can be competitive to the windproof umbrella.

Factors based on which your competitors are competitive to your business (windproof umbrella):

- Market research- Income, tastes, resources and strengths of competing, suppliers, work patterns, population clusters, price, elasticities
- Macroeconomics and sector policies- Terms of access and trade, price policies, fiscal and monetary policies, tariff and non-tariff barriers
- Natural resources and human capital- Geological resources, labour, climate, experience
- Physical, technical, and social infrastructure- Transport, credit, market information, extension, communications, marketing extension and post-harvest facilities
- Micro marketing relationships -Quality control, efficiencies of management- buying, selling, handling, production, marketing, promotion, credit coordination, market research, risk analysis, relationship building.

In addition to analysing current competitors, it is necessary to estimate future competitive threats. The most common sources of new competitors are:

- Companies competing in a related product/market
- Companies using related technologies

- Companies already targeting the target prime market segment but with unrelated products
- Companies from other geographical areas and with similar products
- New start-up companies organized by former employees and/or managers of existing companies

The entrance of new competitors is likely when:

- There are high profit margins in the industry
- There is unmet demand (insufficient supply) in the industry
- There are no major barriers to entry
- There is future growth potential
- Competitive rivalry is not intense
- Gaining a competitive advantage over existing firms is feasible
- Dissatisfaction with the existing suppliers

## 4.2. Market Strategy

Different items have their own set factors for success and so do promotional umbrellas (windproof umbrella). However, there are standard benchmarks that need to be taken into consideration while selecting promotional products. This is the quality parameter that they require to abide by. The promotional umbrellas too have to be evaluated on this basis to be included as efficient brand advertising medium. You will have successful marketing with windproof umbrellas that can withstand 50 miles per hour of wind. Your promotional gifts will prove highly usable, and customers will want to do business with you in the future. Let us see the various marketing strategies to promote business with respect to the windproof umbrella-

- Visual attractiveness-The fundamental concept that is applicable for all promotional gifts is their excelling visual appeal. The promotional umbrellas bear no exception to the rule. The foremost technique they apply to capture the attention of the audience is the fascinating colour combination of their canopy. It can be solid colour base or mix and match of hues with all of them exuding sheen of their own. This lends glamour to their body, which is enough to make the audience spare a significant glance on them. The make of the handle, the structure of the umbrella also counts for the visual enticement. It is only when the promotional umbrellas catch the imagination of the audience that they run the chance to be used in daily application.



- **Refined usability**-The promotional umbrellas fail to progress further in their effort of brand promotion unless they are endowed with refined usability characteristics. They have to be in some or the other way better than their ordinary counterparts in making life easy. This is what prompts the audience to use them frequently and feel proud to flaunt them. Traits like twin ribbed canopy, automatic opening mechanism, storm proof canopy, ergo comfy rubber grip handle, lightweight construction, distinct wind-resistant square structure, polished handle with colour matched grip, aluminium fittings, folding varieties with covers are some of the enhancing qualities that acts positively towards their brand promotion.
- **Usage of the print space**-Umbrellas are well known for their availability of large print space. The real issue however, lies in how dexterously this print region is being utilised. The embossing of the branding elements (that is the company logo, logo type, punch line, slogans or other company information) should be conducted in such a manner that the brand visibility is realised to its maximum potential. The circular shape of the umbrellas should be used to depict the branding components in a way that the audience can in no way miss on the brand message
- **Products with warranty offer reliability**-What differentiates a brand from another is the warranty it provides for its products. If you intend to establish your marketing strategy using a promotional umbrella as an advertising tool, it is advisable to choose a trustworthy umbrella brand that offers warranty and back their products. It is essential to have faith in it, especially if your branding is dependent upon it.
- **Long-lasting impression**-A quality custom printed umbrella can last for more than a year. The longer it lasts, the more your brand message gets out there. The recipients of this gifts act as your brand ambassadors like mobile billboards. There is never a lucrative marketing opportunity than this. When getting custom umbrellas for marketing, experts recommend taking time to find the best manufacturer or supplier. The reason is that promotional gifts have to be of superior quality if they are to be successful in swaying consumer opinions and decisions in your favour.

### **4.3. Financial Planning**

The financial requirements to attain the goals of :

- Short term planning:
- ✓ **Budget:** The budget we would initially require to meet the target no. of umbrellas in the target period of time would be approximately Rs. 7,00,000 which includes the raw material cost, labour cost and maintenance cost.

- ✓ **Creating an emergency fund:** An emergency fund is money you set aside specifically to pay for unexpected expenses. To get started, RS. 35,000 to Rs. 70,000 is a good goal. Iene Davis, a certified financial planner recommends saving at least three months worth of expenses to cover your financial obligations and basic needs, but preferably six months worth.
- ✓ **Pay off Credit Cards:** Without an emergency fund, any unexpected expense will send you further into credit card debt. Others say you should pay off credit card debt first because the interest is so costly that it makes achieving any other financial goal much more difficult.

#### - Medium term planning:

Once we've created a budget, established an emergency fund and paid off our credit card debt—or at least made a good dent in those three short-term goals—it's time to start working toward mid-term financial goals. These goals will create a bridge between our short- and long-term financial goals.

- ✓ **Get Life Insurance and Disability Income Insurance:** Term life insurance is the least complicated and least expensive type of life insurance and will meet most people's insurance needs. Disability insurance will replace a portion of our income if any of us becomes seriously ill or injured to the point where we can't work. There will be a waiting period between the time we become unable to work and the time our insurance benefits will start to pay out, which is another reason why having an emergency fund is so important.
- ✓ **Pay off Loans:** Student loans are a major drag on many people's monthly budgets. Lowering or getting rid of those payments can free up cash that will make it easier to save for retirement and meet our other goals. One strategy that can help us pay off our loans is refinancing into a new loan with a lower interest rate.
- ✓ **Consider Our Dreams:** Mid-term goals can also include goals like buying a first home or a professional office. If any of us already have a home and want to upgrade it with a major renovation—or start saving for a larger place. College for our children or grandchildren—or even saving for when you do have children—are other examples of mid-term goals.

#### - Long-Term Financial Goals

The biggest long-term financial goal for most people is saving enough money to retire. The common rule of thumb that one should save is 10% to 15% of every pay check in a tax-advantaged retirement account like a 401(k), 403(b), or Roth IRA is a good first step.

- ✓ **Opening offices in different cities:** Since our main office would be in Kolkata one of our long term goal would be to open offices in various other metropolitan cities like Bangalore,

Ahmedabad, Mumbai, Delhi etc. To open these offices and manage them remotely would require the turnover of our company to be at least of Rs. 10 crores.

- ✓ Partnering with NGOs, Amazon, Flipkart etc. for increase in sale of our umbrellas: This is one of our long term goals to partner with big companies like amazon and flipkart to sell our product on their online shopping website.
- ✓ Developing a long-term outreach plan to offer services to the homeless: After making it big(if we will) we would donate a certain portion of our income to the homeless for the betterment and development of our society.

#### **4.4. Initial Expenditure**

For initial expenditure we have to include the rent of the land area where we are going to manufacture the umbrella, then we have to buy at least 40 sewing machines, we have to buy at least 5 Air-conditioners, 3 Computers, needles, measuring tape, scissors, we have to install fire fighting systems, we have to install lights and other electrical equipment, insurance for workers.

These all expenditure are for 6 months

<b>MATERIAL</b>	<b>COST</b>
Rent	90,000
Sewing machine	40X5000
Air conditioners	2X40,000
Computers	3X50,000
Measuring tape	1000
Tools and needles	10,000
Firefighting system	15,000
Lights	20,000
Insurance for workers	100,000
<b>TOTAL</b>	<b>666,000</b>

#### 4.5. Running Expenses

We will try to manufacture at least 2000 umbrellas in 6 months. For manufacturing of windproof umbrella, we will require following things:

<b>MATERIAL</b>	<b>COST</b>
Steel Ribs	15000
Plastic handles	5000
Steel tubes (chrome plated)	15000
Ferrule caps	2000
Notches	2000
Spring ball cup	3500
Water proof cloth	20000
Rent	90000
Electricity	42000
Freight expenses	15000
Packaging & forwarding	30000
Sales promotion	5000
<b>TOTAL</b>	<b>244500</b>

For manufacturing of umbrellas and for managing all the work we would require staff in which there will be a manager, workers, clerk, security guard. We would require at least 50 workers, 2 manager 1 clerk, and 2 security guards.

<b>Jobs</b>	<b>Cost</b>
Manager	2X10000
Workers	50X700
Clerk	10000
Security guard	2X5000
Total	75000

For 6 months  $75000 \times 6 = 450000$

Total running expense for 6 months  $= 450000 + 244500 = 694500$

## 4.6. Maintaining Expenses

In maintenance expenses we will include the maintenance cost required for maintain the sewing machine, Air-conditioners, Computers, measuring tape, scissors, needle, racks, cutting table. These are the things which require maintenance.

These all expenses are for 6 months

<b>Material</b>	<b>cost</b>
Sewing machine	2000
Measuring tape	700
Tools and needle	500
Air-Conditioners	5000
Computers	3000
Racks and cutting table	2000
<b>TOTAL</b>	<b>13200</b>

## 4.7. Objective of the Business

### A. Economic Objectives

Economic objectives of business refer to the objective of earning profit and also other objectives that are necessary to be pursued to achieve the profit objective, which include, creation of customers, regular innovations and best possible use of available resources.

#### **Profit earning**

Profit is the lifeblood of business, without which no business can survive in a competitive market. Infact profit making is the primary objective for which a business unit is brought into existence. Profits must be earned to ensure the survival of business, its growth and expansion over time.

In order to achieve this primary objective, certain other objectives are also necessary to be pursued by business, which are as follows:

#### **a). Creation of customers**

A business unit cannot survive unless there are customers to buy the products and services.

#### **b). Regular innovations**

Innovation means changes, which bring about improvement in products, process of production and distribution of goods. Business units, through innovation, are able to reduce cost by adopting better methods of production and also increase their sales by attracting more in place of hand implements in farms etc. are all the results of innovation.

### **c). Best possible use of resources**

As we know, to run any business we must have sufficient capital or funds. The amount of capital may be used to buy machinery, raw materials, employ men and have cash to meet day-to-day expenses.

### **Social Expenses**

Social objectives are those objectives of business, which are desired to be achieved for the benefit of the society. Since business operates in a society by utilizing its scarce resources, the society expects something in return for its welfare. No activity of the business should be aimed at giving any kind of trouble to the society. If business activities lead to socially harmful effects, there is bound to be public reaction against the business sooner or later.

#### **a). Production and supply of quality goods and services**

Since the business utilizes the various resources of the society, the society expects to get quality goods and services from the business. The objective of business should be to produce better quality goods and supply them at the right time and at a right price. It is not desirable on the part of the businessman to supply adulterated or inferior goods which cause injuries to the customers.

#### **b). Adoption of fair-trade practices**

In every society, activities such as hoarding, black-marketing and over-charging are considered undesirable. Besides, misleading advertisements often give a false impression about the quality of products.

#### **c). Contribution to the general welfare of the society**

Business units should work for the general welfare and upliftment of the society. This is possible through running of schools and colleges for better education, opening of vocational training centres to train the people to earn their livelihood, establishing hospitals for medical facilities and providing recreational facilities for the general public like parks, sports complexes etc.

### **B. Human Objectives**

Human objectives refer to the objectives aimed at the well-being as well as fulfillment of expectations of employees as also of people who are disabled, handicapped and deprived of proper education and training. The human objectives of business may thus include economic well-being of the employees, social and psychological satisfaction of employees and development of human resources.

**a). Economic well-being of the employees**

In business employees must be provided with fair remuneration and incentives for performance, benefits of provident fund, pension and other amenities like medical facilities, housing facilities etc.

**b). Social and psychological satisfaction of employees**

It is the duty of business units to provide social and psychological satisfaction to their employees. This is possible by making the job interesting and challenging, putting the right person in the right job and reducing the monotony of work.

**c). Development of human resources**

Employees as human beings always want to grow. Their growth requires proper training as well as development. Business can prosper if the people employed can improve their skills and develop their abilities and competencies in course of time. Thus, it is important that business should arrange training and development programmes for its employees.

**d). Well-being of socially and economically backward people**

Business units being inseparable parts of society should help backward classes and also people those are physically and mentally challenged. This can be done in many ways. For instance, vocational training programme may be arranged to improve the earning capacity of backward people in the community.

**C. Global Objectives**

Earlier India had a very restricted business relationship with other nations. There was a very rigid policy for import and export of goods and services. But, now-a-days due to liberal economic and export–import policy, restrictions on foreign investments have been largely abolished and duties on imported goods have been substantially reduced. This change has brought about increased competition in the market.

**a). Raise general standard of living**

Growth of business activities across national borders makes available quality goods at reasonable prices all over the world. The people of one country get to use similar types of goods that people in other countries are using. This improves the standard of living of people.

**b). Reduce disparities among nations**

Business should help to reduce disparities among the rich and poor nations of the world by expanding its operation. By way of capital investment in developing as well as underdeveloped countries it can foster their industrial and economic growth.

**c). Make available globally competitive goods and services**

Business should produce goods and services which are globally competitive and have huge demand in foreign markets. This will improve the image of the exporting country and also earn more foreign exchange for the country.

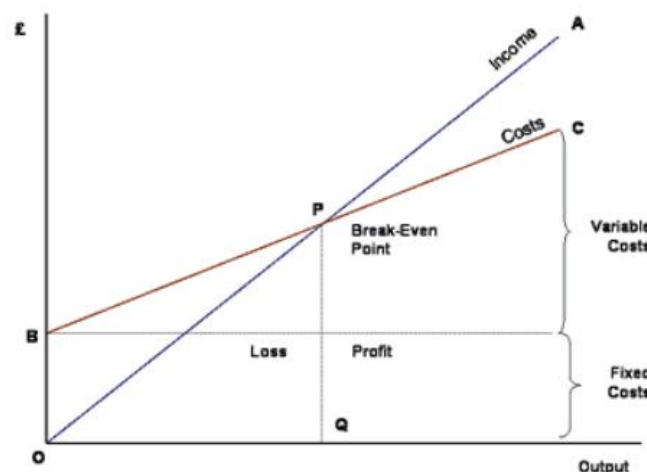
#### 4.8. Break-Even Analysis

Break-even analysis is a technique widely used by production management and management accountants. It is based on categorising production costs between those which are "variable" (costs that change when the production output changes) and those that are "fixed" (costs not directly related to the volume of production).

Total variable and fixed costs are compared with sales revenue in order to determine the level of sales volume, sales value or production at which the business makes neither a profit nor a loss (the "break-even point").

##### A. The Break-Even Chart

In its simplest form, the break-even chart is a graphical representation of costs at various levels of activity shown on the same chart as the variation of income (or sales, revenue) with the same variation in activity. The point at which neither profit nor loss is made is known as the "break-even point" and is represented on the chart below by the intersection of the two lines:



**FIG.7 BREAK EVEN ANALYSIS**

##### B. Application of Break-even Analysis

###### a). Cost Calculation

Break-even analysis is widely used to determine the number of units the business needs to sell in order to avoid losses. This calculation requires the business to determine selling price,



variable costs and fixed costs. Once these numbers are determined, it is fairly easy to calculate break-even point in units or sales value.

#### **b). Budgeting and Setting Targets**

Break-even charts and calculation be used for budgeting process, since the business know exactly how many units need to be sold in order to break-even. Moreover, the company is also aware of the profits the company will be able to earn at various points, which can be easily illustrated on a simple break-even chart. This can help business set realistic, achievable targets for itself.

#### **c). Motivational Tool**

Break-even analysis also helps to motivate the employees, especially the sales staff, since it clearly shows the profits at various points of sales. The chart clearly shows the impact extra sales would have on the profitability of the company.

#### **d). Margin of Safety**

Margin of safety is a tool which complements break-even analysis, since these two tool are interrelated. This concept is used when a major proportion of sales are likely to decline or in period of recession or economic turn down. Managers can better make better production and sales decision if they know the margin of safety for a particular product or service. When the margin of safety is large, the business would want to try new pricing, marketing and take risks hoping to further increase sales and revenues. On the other hand, if the margin of safety is meager, managers are likely not to change anything, since any small change could trigger losses. In such a situation managers would want to reduce costs, so that margin of safety can be increased.

**Quantitative details that are explored to estimate the beak-even point for your business proposal (Everything is to be taken in Indian Currency-RS)**

PRICE PER UNIT	500
UNITS SOLD	2000
VARIABLE COST PER UNIT	200
TOTAL SALES	$2000 \times 500 = 1000000$
TOTAL VARIABLE COST	$2000 \times 200 = 400000$
TOTAL CONTRIBUTION MARGIN	$1000000 - 400000 = 600000$ (6 LAKHS)
CONTRIBUTION MARGIN PER UNIT	$600000 / 2000 = 300$
CM RATIO	$300 / 500 = 60\%$

### **Calculation of Break-even point in units**

Break-even point is usually calculated in units, which gives the company the number of units it must produce in order to break-even. It can be calculated by dividing contribution margin by total fixed costs:

$$\begin{aligned}\text{Break-even point (Units)} &= \text{Fixed Costs/Contribution margin per unit} \\ &= 260000/300 = 866\end{aligned}$$

As we can see, our factory will have to sell at least 866 units in order to cover its fixed and variable costs. Anything it sells after the 866 mark will go straight to the CM since the fixed costs are already covered.

### **Calculation of Break-even point in sales value**

$$\begin{aligned}\text{Break-Even Point in Sales} &= \text{Fixed Costs/contribution margin ratio} \\ &= 260000/60\% \\ &= 833\end{aligned}$$

So, the company needs to sell goods worth Rs 4,33,333 in order to break-even. Anything beyond this point will constitute as profit, and if the company falls short of this amount, the difference would be loss incurred.

## Chapter 5

### Plan Formation and Future goals

#### 5.1. Business Marketing Plan

##### A. Short-Term marketing plan:

➤ Reduced pricing promotions:

Limited time price reductions will encourage customers to buy our product. We will reduce our profit margin for a short period of time. Lowering the price will give them an incentive to purchase.

➤ Group offers:

We will be tailoring offers to provide discounts to important groups. e.g. Customers who buy more than 5 “Thunder Umbrellas” will be given a discount of 25%.

➤ Tradeshows:

Tradeshows will give us an excellent short-term way of promoting or introducing our product “Thunder Umbrellas” within a specific market.

##### B. Medium term marketing plan:

➤ Use Storytelling:

We will be incorporating storytelling into your sales strategy which will help us captivate our prospects on a deeper level beyond just selling them strictly on the benefits, thus netting us more customers over time.

➤ Use Social Media Marketing:

As we will build momentum in our business we will start posting on social media over time. We will post anything that will be relevant and useful for our audience to learn more about our business. For this we'll be using direct messages on platforms like Instagram , Snapchat or Twitter to reach out to other successful businesses or even to communicate with potential customers who might be looking for our products and services.

##### C. Long-Term Marketing plan

➤ Implement Search Engine Optimization (SEO):

SEO will be crucial for our success because organic search engine traffic has been found to be the best source of B2B leads. Knowing our audience and optimizing our website for keywords and phrases that potential customers would use in their online search is critical to being found on the Internet.

➤ **Public relations (PR):**

We will be taking proactive actions that will positively build a “Thunder Umbrellas” brand online and offline over the long term. We will appoint PR teams whose job will be to accomplish goals by strategically sharing information with relevant media outlets.

➤ **Publishing and Promoting Content:**

Developing a stream of fresh, relevant content like newsletters, tips or blog posts will result in quality traffic to our website. We will be regularly posting, updating and archiving our content on a regular basis which will provide us a great ammunition for long-term nurture campaigns and encourage visitors to return.

## **5.2. Operating Plan**

### **A. Production process:**

- **Suppliers:** For manufacturing wind-proof umbrella we will require raw materials such as steel ribs, plastic handles, steel tubes, water proof cloths, notches etc. so we will require a supplier who can supply these raw materials in a mass amount and at a low cost.
- **Equipment:** for manufacturing 2000 umbrellas in 6 months, we will require at least 40 machines, and 50 workers for sewing and assembling the umbrella.

### **B. Timeline:**

- Creating a timeline with milestones is important for your new business. It keeps everyone focused and is a good tracking method for efficiency.
- We will try to manufacture 350 umbrellas each month and 12 umbrellas each day.
- If these milestones are not achieved, we will try to hire a greater number of workers.

### **C. Hiring:**

- In management team we will hire 2 managers and a clerk. Manager will do a quality check. And clerk will do accounting.
- For our start-up we need at least 40 workers for sewing and assembling of umbrella.
- For carrying the product from factory to the market we need at least 2 trucks and 2 truck drivers.

### **D. Financial Milestones**

- Financial milestone helps in evaluating the business performance, it includes costing of raw material, salary to employees, revenue and profit. It will also help to show investors how

our business will run. If we will not get desired profit then we will try to produce more number of umbrellas at a decent price so that costumer will attract and buy our product.

### **5.3. Future Goals**

State and explain the future goals that are framed in line to your lean start-up business idea? Also, explain the strategies that are framed to attain these goals?

Our thunderbolt umbrella company goal is to manufacture 2000 umbrellas in 6 months. To attain this goal, we have to follow these following strategies.

- a) **Keeping Overhead Costs Low:** In the beginning it is important to keep the overhead cost low. Crippling cash flow can be an issue if hiring too quickly. We have to list out every monthly cost so a goal of a certain amount of revenue can be set. We have to present our start-up idea to investors so they can provide us funding.
- b) **Hiring and retaining a skilled workforce:** It is important to hire the right workforce that possesses the necessary skill set to perform tasks. One of the business goals for an entrepreneur is to attract and retain top-notch employees and to train them regularly for additional skills so that when the company grows, the employees would be able to catch up with its pace.
- c) **Online service:** Online networking and presence on the internet are both important for a business. In the digital era, people take help from the internet to know about almost everything. In such an advanced age of the internet, a business, even if popularly operating through brick-and-mortar presence, has to create an impression online. The better the online positioning of a company, greater are the chances for customers and clients to reach out to the organisation.
- d) **Creating a brand appeal:** Brand appeal means that the customers must be able to recall the organisation and its products/services and feel a positive connection with it. There are various ways to boost a brand's image. For instance, hold events and roadshows to interact with customers and know their feedback, communicating with old and new clients frequently, and improve the offerings as and when needed.
- e) **Never repeating past mistakes:** A person learns from his mistakes. The art of success is best learnt through trial and error and never repeating past mistakes. We have to aim for betterment, which can be achieved by understanding what went wrong and coping with challenges. The process may take time, but taking corrective steps is the most essential.

- f) Positive experiences for customers: One of the goals for a businessperson is to create positive experiences for customers, other than following the norms of buying, selling, and setting a mark in the market. From polite customer care service to making buyers/clients comfortable.

## **5.4. Expansion**

### **a) Create a customer loyalty program**

Loyalty programs are great ways to expand. It costs up to three times more money to acquire new customers than it does to sell something to an existing customer. customer loyalty program will help to retain customers. It might also help to attract new ones as well. As they suggest our product to their friends, relatives, etc.

### **b) Research the competition**

In a start-up it is very important to research on the competitors. What are competitors doing and how our product is different from other product, why costumer will buy our product, understanding these things are important. For wind-proof umbrella main competitors are ordinary umbrellas and raincoats, but these two cannot be use in a heavy rain, then costumer will require our wind-proof umbrella. Because it will protect from heavy winds and rain.

### **c) Form strategic partnership**

Strategic partnerships with the right companies are important in expanding the business. These companies will help to provide raw-material for manufacturing the product at a lower cost. Partnership with these small companies will also help to promote our product.

### **d) Advertising the product**

For expanding, advertisement of the product is important. Advertisement can be done by internet, by TVs, by hoardings etc. so that costumer can aware of our product. Why should he use our product, what is special quality in the product? For example, in heavy wind costumer cannot use ordinary umbrella so he needs a special kind of umbrella that is our wind-proof umbrella.

## **5.5. Introducing new products and services**

### **a. Umbrella Sharing Service:**

We plan to launch an umbrella-sharing service in selected cities of India, using “internet of things” technology to reduce umbrella waste. Users of the service, called iUmb, register with NIG via the Line messaging app and check for iUmb spots closest to their locations. The user goes to the stand, unlocks the umbrella of choice by scanning the QR code on its handle and

checks it out. The service will be available for Rs. 40 per day, paid via a registered credit/debit card.

**b. “Thunder Alert” Umbrellas:**

Losing an umbrella is a part of life — one that often leaves you drenched in the rain and can cost you upto Rs. 400. We would like to introduce an umbrella in the market that will feature a built-in Bluetooth proximity chip that alerts you if you've accidentally left without it. This umbrella will sync up with Android and iOS devices that will track the distance between your smartphone and the umbrella. If it notices your phone is, for example, 30 feet away from the umbrella it will send a message directly to your phone plus it will be made of high quality materials having high wind resistance like our “Wind-proof umbrellas”.

Among the 1<sup>st</sup> concerns about spending Rs. 2000 on an umbrella is that you might lose it. We realize that if we solve this problem, many more people would opt to spend more for a high-quality umbrella, than an endless stream of replacements. Building an umbrella with GPS would have been about retrieval — finding an umbrella after you’ve lost it. We wanted a solution that prevented you from losing it in the first place, so we want to produce this product. The Thunder Alert Umbrella app will also come with a weather feature that will alert you when you'll need an umbrella that day before you leave the house.

## **5.6. Industrial Estate formation**

Our objective will be to give boost to disperse our industry outside metropolitan towns like Kolkata, to relocate existing units operating in congested areas, to provide subcontracting opportunities to small industry and to improve operational efficiency of small units through common facilities. We plan to spread our industrial estate over different regions of India. We plan to develop our industrial estate in Tirupur which is because it is a planned cluster for knitwear and hosiery set-up by the GoI.

Since Kolkata has the highest poverty index so we will focus more on development of our already existing industrial estate in Kolkata by hiring more and more skilled workers, investing in latest production technology and R&D etc. As our business will progress through the years we would open multiple factory outlets in different regions of India. Through our efforts we expect to “Attract Investments”, “Generate Employment”, “Leveraging” and “Add and improve social infrastructure”. In future we are also planning to do international trading.

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