



Business Proposal



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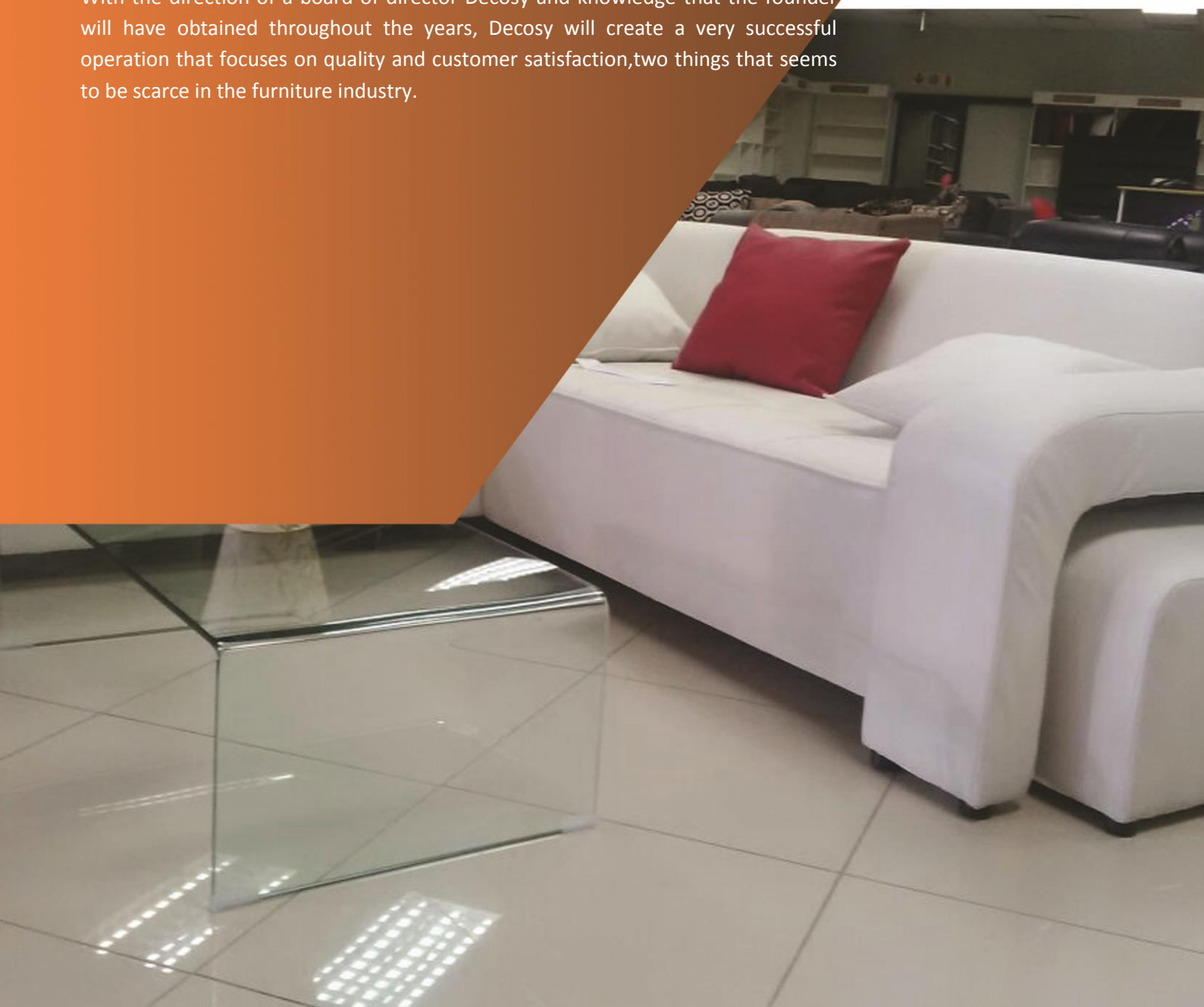
» EXECUTIVE SUMMARY

Decosy is a dynamic young and vibrant custom furniture manufacturing company. There is a lack of custom retail manufacturers and Decosy will be entering a market of limited competition. Most retailers are incredibly expensive and impractical to an average customer. Decosy will create a product that is affordable while being designed to the customers preference.

Decosy will not only produce custom goods, but will also develop standard lines that are stocked on the show floor. Additionally Decosy will sell goods from other companies that makes lines of furniture that Decosy will not be producing but are compatible to Decosy quality and pricing.

The founders' experience in the retail furniture industry has given insight into the limitations of some furniture products and thereby allowing improvement upon those designs. The founder has spent years learning the retail furniture business from top to bottom. This includes everything from deliveries, finishing, refinishing, repairs, custom building, sales and ordering.

With the direction of a board of director Decosy and knowledge that the founder will have obtained throughout the years, Decosy will create a very successful operation that focuses on quality and customer satisfaction, two things that seems to be scarce in the furniture industry.



» BACKGROUND

The founding Director has over ten years' experience in the retail furniture business. This experience includes the full range of labour and management including material ordering, furniture design, construction and repair, custom finishing, delivering, warehouse management and sales.

Because the owners experience contains the full scope of furniture manufacturing and retailing as well as operations and employee management, the owner is equally qualified to start this new venture.

While the owner has many strengths that suggest the success of Decosy, he is limited in the time and attention to detail he can give to each management function. Decosy has appointed a financial officer that has a strong financial background, which is crucial in tracking the health of any business.

Vision

Our vision is to create wealth through innovation, training and skills transfer. We seek to be a profitable entity and service provider that surpasses client expectations through providing products and services at competitive terms.

Mission

To supply world class products and services to meet the needs of our customers, thereby developing transforming our communities in the process.

- Excellence in fulfilling our promise to our clients
- We seek to instil a culture of continuous improvement in beating standards of customer satisfaction and efficiency.
- We intend to perpetually commit to support growth and development in the economy
- Nurture a vibrant culture of endless skills transfer to various parts of the economy.

Our business aims to serve its clients as a trusted ally, providing them with the loyalty of a business partner and the economics of an outside provider of services. We ensure that our clients have what they need.



» OUR PRODUCTS

Features:	Benefits:
1. Custom Design	Customers get the design they want and not “what’s available”
2. Affordable	Customers will be able to afford custom made furniture.
3. Realistic timeframes for production and delivery	Many furniture design shops have unrealistic production timeframes followed by countless delays of delivery. Decosy will provide a written guarantee of product delivery date.

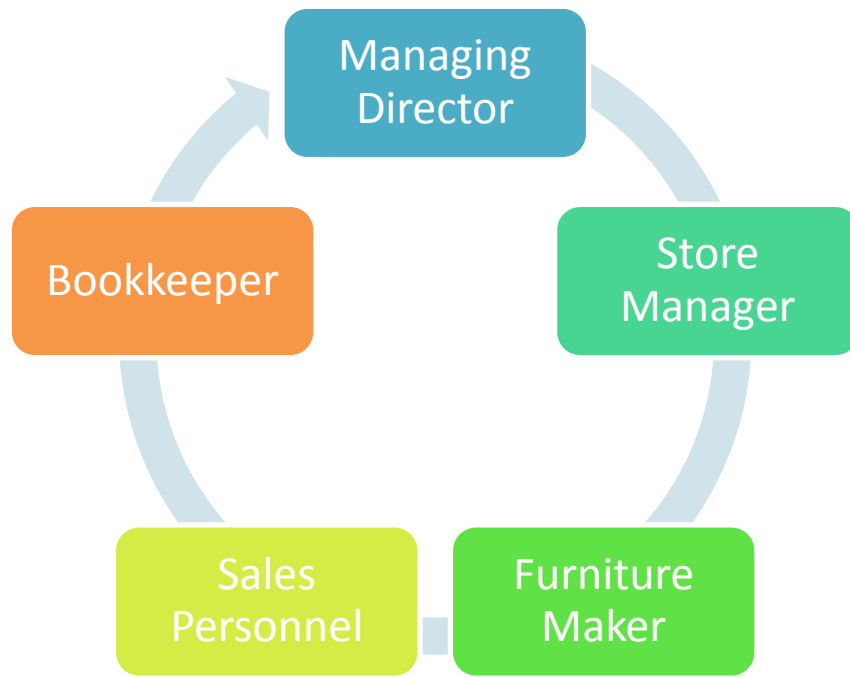
Decosy will be unique:

- Retail store with its own production facility.
- Will be able to provide a standard competitive line while producing custom goods for special orders.
- High quality design of product.
- Ability to match colours, style and finishing on special orders.
- Contracts with lumber mill for reduced rates of lumber.



“INTELLIGENT DESIGNS”

» MANAGEMENT



Marketing Plan

Customer profile

Decosy will appeal to customers across a fairly broad spectrum. The majority of customers will be homeowners between the ages of 35 to 50+. The focus will be on couples, since many people only buy furniture when both husband and wife agree. Approximately 25% will be single mothers, fathers and people without spouse or children. Incomes will range from lower middle income to upper middle incomes.

Target Market Profile

Target market will be middle income families that are both starting their careers and families and those that have been established and are looking to change out older furniture for new items. Established, older couples will also be our target for refinishing and majority of our customs work.

Market Size and Trends

Decosy's market consists of about 1/8 to ¼ of the valley population which would be between 15,000 to 40,000 people. Decosy would need approximately 8,000 customers to come through the store each year. Many of these 8,000 visits would be repeats visits and not all would be visits that purchased each time. An average monthly volume would be R350 000 to R400 000 a month giving an average sale of about R7000 to R8000 per customer.

Market Potential

Decosy's portion of the valley market can be increased two ways. One is to greater percentage of the overall market. This is, more customers in the 15,000 to 40,000 individuals that make up the market. The second way is to maximize market potential by raising the average sale per customer. Decosy will target its marketing strategies toward maximizing the market potential by both expanding its customer average sale.

Future Markets

Future markets for Decosy are in the wholesale distribution of Decosy brand name products. In order to achieve this goal a large expansion will need to be made to the production facilities or new facilities found, and, additional capital will have to be raised to buy additional equipment. A large staff will be necessary to increase manufacturing output.

Competitive Matrix Chart

Features	Decosy	Forest furniture
Price	Prices are set to show quality yet they will be strategically lower than the prices of the competitors.	Higher prices are set to show quality and take advantage of their position in the custom market.
Production /Quality	Quality is the priority while speed of production will be the focus of improvement.	Quality is the main focus. Speed of production and quantity are not important.
Unique Features	Standard design that allow for easy modifications. Computerized design for customer service and satisfaction.	Customer design with no standard product.
Distribution System	Decosy store	Forest Furniture store.
Marketing/Advertising	First three months promotions and sales to get well known.	Occasional radio spots.
Geographic Location	Mall of Africa	Northgate Mall
Strengths	<ul style="list-style-type: none"> • Larger variety of styles and products. • Mass production of certain lines. 	<ul style="list-style-type: none"> • Well established . • Trained production staff.
Weakness	<ul style="list-style-type: none"> • Much leaning needed before best results will be achieved. 	<ul style="list-style-type: none"> • Store is hidden –off streets • Regarded as expensive.

Competitive Advantage

Decosy will focus on the customer. Decosy's competitive advantage will include superior products at a competitive price, combined with excellent service throughout the customer relationship. Customer loyalty will be an important factor in keeping Decosy on top in the custom retail market. All focus at Decosy will be on marketing sure the customer is served well and is happy with product and services received.

D. Marketing Strategies

Market Positioning

Decosy will be positioned as a high quality, moderately priced retailer that also offers unique customizing capabilities. Because we can offer specialized service, our custom goods will be positioned as high quality and lean toward higher –end price, but will still be affordable.

We will accomplish our market positioning goals through the following:

In the Decosy retail store:

- Outstanding salespeople who understands customer needs
- Invitational sales to highlight our ability to customize and quality
- Demonstration to explain our manufacturing capabilities and uniqueness

Promotions

Distribution System

Decosy will act as its own retail store. This will reduce the transportation costs associated with most furniture retailers that purchase from wholesalers.

Public Relations/networking

Trade shows

Local trade shows will be attended twice a year. One is the spring and one in the fall in conjunction with Decosy's advertising promotions. The national trade show for custom furniture manufactures will be attended annually. Aside from the sale potential, trade shows offer the ability to see competition. New trends and ideas surface at these trade shows first, and then integrated into furniture design. The trade show is an excellent mechanism to stay current with the market and network with both potential customers and other industry representatives.

Advertising

An advertising budget of R30,000 will be established each year. The first year an additional R5000 will be used to promote the opening of the store. Advertising will then be divided into three parts; R10,000 for promotions at the beginning of the fall season to gain recognition and promote a good image, R10,000 in the early spring to stretch out the buying cycle to the extent possible, and R10,000 to be used throughout the year on small promotions and customer appreciation.

Customer Service

Service and Warranties

Service will be provided for all products purchased at the Decosy store free of charge for a period of one year. Thereafter a small charge will be applied to all service and repairs to cover cost of labour and materials.

A five year warranty will be sold with Decosy brand items to cover defects in construction and a 1 year to cover materials used. Additional service contracts are a possibility that will be sold if a customer desires a longer warranty period on any furniture items.

Feasibility Statement

Decosy's strategy of a furniture manufacturing and retailing business can be successful in the mall areas. By targeting those customers who wish custom furniture at an affordable price, Decosy can gain a niche in the area market.

Action Plan

The founder will seek additional financing to allow the start-up of Decosy. Sources will include friends and family, banks, SBA loan sources and community revolving loan funds. The founder will also review the cash flow projections to determine if leasing equipment rather than purchasing would reduce initial loan needs, and we will review the supplies and other significant expense items before making a presentation to potential lenders.

D. Documents and Paper FLOW

Information will have a designated path throughout the system to reduce any errors that may occur. All orders and sales will be written on a standardized form that allows for the order number of the piece, a description of the piece, the original price and the sale price. Taxes and totals will be tailed at the bottom right form. A blank section will be left at the bottom to allow for comments and small instructions. Larger lists of instructions will be drawn out on a separate form and that form will be copied and attached to the invoice.

The invoice will then await further processing. The invoice for each day will be processed at the end of each day. All sales from inventory will be accounted for, all orders will be written down in an order book and custom orders will be organized and prioritized for production to schedule.

The next day production manager will look at the custom orders, schedule them and begin work.

Orders will be placed by the sales manager on a weekly basis. He will categorize orders by the company and write a purchase order for each order placed that week. Estimated shipping dates and lead times for production will be noted on the purchase order sheet.

Documents. Invoices will preferably be computerized to facilitate inventory control, but manual written invoice will also be available.

E. Risk Analysis and Alternative Plan Of Action

- A. **Sales projections prove wrong-** Decosy will be a very flexible operation. Production can be modified to meet market trends and needs. If sales are slow in retail sales of custom furniture Decosy will sell the other retailers in neighbouring cities. Custom building of cabinets and other work for remoulding and new building would also be an area to bolster sales and profits.
 - B. **Manufacturing costs become too high-** In this case Decosy would discontinue its own production lines and produce only custom work. Other manufactures lines would be increased to compensate for our reduced lines.
 - C. **Competition destroys our marketplace position** -Decosy would do all it could to combat the competition. Advertising and promotions would be revaluated as would the reason for Decosy lost market share and declining sales.
 - D. **Needed labour is unavailable** – Wages would be increased to a more competitive level and management would step in to help ease the stress from the shortage.
 - E. **Supply deficiencies develop-** other sources of material would be developed if all of Decosy's suppliers were deficient. It is unlikely that all suppliers would be deficient; however, new materials could be used in production that were more abundant.
 - F. **Needed capital is unavailable-** Other means of financing would be looked at such as investors, family and friends, equity financing and other of obtaining funds.
 - G. **Products liability occurs-** Insurance will be set up to take care of any product liability claims.
 - H. **Problems with management or personal arise-** Weekly meetings will be held to facilitate work between management and personnel. If large problems arise they will be instructed of their duties and mediation will be held to take care of the problem. If this proves ineffective the new employees will be brought in to take the place of the ones that do not wish to work productions workers
 - I. **Products development takes longer than anticipated-** A buffer will be built in the initial time line to allow another month for development of the product.
- Salvaging Assets-** All equipment used in production, office furniture, delivery truck, raw materials and finished goods could be sold in case that this venture was unsuccessful.

