

# **Matahari Reputation**

## **Business Plan**

**2018**

## Executive Summary

Matahari Reputation offers Software development, SEO, ORM OnLine Reputation Management, VA Virtual Assistant Services. Accessibility Services. Interactive Accessibility to Sight and VIP and blind entrepreneur. in the Middle East, Europe and Central America market. The business has a strong market position and a coherent strategy. It has established clear steps to achieve its objective of Growing new markets, increasing new services, launching our selected connexions. in the next five years.

Matahari Reputation has set targets that they are committed about achieving. Next year the business will achieve sales of €70000. Sales will grow by 20 percent each year to reach the figure of €145152 at the end of the period. By the final year of this plan the business will be achieving a net profit of €123380. This will represent a good return and provide sufficient retained earnings for future development plans.

## The Market

Matahari Reputation intends to target Sight and VIP and blind entrepreneur. with its Software development, SEO, ORM OnLine Reputation Management, VA Virtual Assistant Services. Accessibility Services. Interactive Accessibility. This market represents a good opportunity for the business to capitalise on its Highlights quality, 24 hours services 7 days a week, trusted brand in 5 languages. advantage. This will provide a strong market position from which to develop the business.

Matahari Reputation faces some competition, as would be expected in this attractive market.

- *VA Virtual Assistant Company* is the main competitor. It has some strengths, but its critical weakness is its Not accessibility Expert. This will restrict its capacity to compete.

- *ORM* also has a weakness that diminishes its effectiveness in the market. In this case the weakness is its Not more Thanks Two languages.

Matahari Reputation will be able to exploit the weaknesses of its competitors to gain market position.

In summary, the high demand for the Matahari Reputation offer and the weaknesses identified in its main competitors provide an attractive market opportunity.

## **The Strategy**

Matahari Reputation has the objective of Growing new markets, increasing new services, launching our selected connexions. over the next five years. The management team has identified key steps to achieve the five year objective and exploit the identified opportunities. These will be systematically implemented over the period.

The selection and sequence of these actions has been carefully chosen to produce the full potential of the business opportunity and ensure that the targets are achieved. The management team will continuously monitor the business performance against the targets and make necessary adjustments. At all times the focus will be on achieving the key objectives.

In summary, Matahari Reputation has clearly identified opportunities and a systematic plan with clearly articulated stages to achieve its five year objectives.

## The Finances

Table 1 below shows a projected income statement for the five years of the plan. This demonstrates how the targets will be achieved. The projections have been carefully constructed and are based upon realistic assumptions (see appendix A).

In the first year of the plan Matahari Reputation will achieve sales of €70000, a gross profit of €66500 and a net profit of €59500. In 2020, midway through the plan, the business will achieve sales of €100800, a gross profit of €95760 and a net profit of €85680. By the end of the plan the business will achieve sales of €145152, a gross profit of €137895 and a net profit of €123380.

The figures demonstrate a steady growth in sales and gross profit during the period of the plan. The business becomes profitable in year one of the plan, which is earlier than many similar rivals and demonstrates the strength of the business model. This will provide a solid financial foundation to develop its plans. The average sales growth of 20 percent across the period is healthy and demonstrates the potential of the business. The predicted sales and growth are realistic given the strengths of the business and the attractiveness of the market.

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INCOME STATEMENT
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Years.....  ....2018  ....2019  ....2020  ....2021  ....2022

Sales.....  ...70000  ...84000  ..100800  ..120959  ..145152
Cost of Sales  ....3500  ....4200  ....5040  ....6047  ....7257
.....
Gross Profit. ...66500  ...79800  ...95760  ..114912  ..137895
.....

Expenses.....  ....7000  ....8400  ...10080  ...12095  ...14515

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Net Profit...  ...59500  ...71400  ...85680  ..102817  ..123380
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Table 1: Income Statement Forecast 2018 to 2022 (€).

Table 2 below shows a projected cash flow for the five years of the plan. This demonstrates the liquidity of the business during the period.

Matahari Reputation has based the cash flow on the assumption that they will be offering customers 90 days credit. This is in line with industry norms and should be competitive within the market. Suppliers are assumed to offer 30 days credit. This is also realistic given the current practice within the industry. The business achieves a positive cash carried forward position in year one. By the end of the five years the business has a positive cash position of €416582. This shows the robustness of the business and its ability to generate cash to support future plans.

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CASH FLOW
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Years.....  ....2018  ....2019  ....2020  ....2021  ....2022

Cash from A/R ...52739  ...80547  ...96657  ..115988  ..139186
Cash to A/P..   ....3212  ....4142  ....4970  ....5964  ....7157
Expenses Paid ....7000  ....8400  ...10080  ...12095  ...14515
.....
Net Cash.....  ...42527  ...68005  ...81607  ...97929  ..117514
.....

Cash B/Fwd...   ....9000  ...51527  ..119532  ..201139  ..299068
.....
Cash C/Fwd...   ...51527  ..119532  ..201139  ..299068  ..416582
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Table 2: Cash Flow Forecast 2018 to 2022 (€)

## Conclusion

Matahari Reputation has a coherent plan for future success. It is well positioned to target Sight and VIP and blind entrepreneur. . The management team have provided a clear objective of Growing new markets, increasing new services, launching our selected connexions. in the five year period. The financial targets have been shown to be realistic given the strengths of the business and its strategic position. The management team is committed to achieve the strategic goals. They have a clear plan of strategic stages to realise the potential of the business and generate healthy returns for all stakeholders.

## Appendix

### A. Assumptions

The following assumptions were made in developing this plan.

1. €70000 sales in the first year. This level of sales is realistic given previous experience and the turnover of similar firms within the sector.
2. 20 percent annual growth in sales. This level of sales growth is achievable given the attractiveness of the market and the coherent strategic plans of the management team.
3. 5 percent cost of sales. This cost of sales percentage is in line with the sector average. The cost of sales percentage is expected to remain stable during the period of the plan.
4. €7000 expenses in the first year. This level of overhead expense is in line with similar size businesses within the sector.
5. 20 percent annual growth in expenses. This expense growth takes into account changes in overhead as the firm develops.
6. 90 days customer days credit. This is in line with industry terms of trade and should be competitive.
7. 30 days supplier credit. This is realistic given the terms normally offered by suppliers.
8. The cash flow forecast assumes that receivables and payables are settled before the next period.

9. The cash flow does not take into account the acquisition of fixed assets from cash generated.

10. €9000 equity cash injection. This equity is confirmed to be available and ready to be invested in the business.

11. Equity cash injections are assumed to be made at the start of the plan.

12. These figures take into account inflation.

13. These figures are realistic given the current market situation and expected trends.

14. While a conservative approach has been taken to projections and an attempt to factor in risks, like all predictions there is the potential of unexpected factors.