



KENYATTA UNIVERSITY

UNIT TITLE:

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TOPIC:

BUSINESS PLAN

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EXECUTIVE SUMMARY

This business plan will introduce **Wasafi Washers and Driers**. Laundry services are normally associated with premium services such as professional cleaning and delicate washing such as dry wash, however, our business concept will concentrate on how this service will be brought to the local community (being the university) without need for them to be exploited. This puts an emphasis on easy and convenient service, partnered with friendly prices that cannot be matched elsewhere.

Wasafi Washers and Driers will offer exclusive self-service laundry services in Kenya. The laundry service offered is both washing and drying services (This is managed by use of stacked washer and drier, coin operated washing machines). However, our major selling point is the student friendly price of kshs.50 per wash cycle, either washing or drying. This we guarantee to be the lowest and most subsidized price offered for laundry service anywhere in the near vicinity of the school, if not the whole country.

Studies have shown that amongst university students, laundry ranks third in their least preferred chores. This has pushed most students to find alternative convenient means of ensuring they have clean clothes (some carry their dirty laundry home, while others hire the services of cleaning ladies found in the neighboring market place known as KM). These so called solutions have their shortcomings (Carrying clothes home is bulky, and the washing ladies are not what most would term as 'affordable'). We therefore want to offer these students uncompromised convenience, in that they can easily go to the laundry room area of the hostel, where the machines will be located, and then take an average of 20 minutes to finish their washing and drying.

The location as mentioned above is for the convenience of the students. They can access the washers and driers without having to leave their specified hostels. Although the initial plan is for only one hostel, expansion developments are already planned for. The need to start small is to enable testing for unknown variables such as electricity cost and water supply sources.

Wasafi Washers and Driers would also like to acknowledge that the environment is too precious to be destroyed by wastefulness, therefore, in our assumed estimation, it was found that the amount of water used for every wash was less than that used by an average person during washing (our washers use up 10 liters per wash, as compared to 2 buckets (18litres*2). This we feel will in the long run reduce the water consumption of Kenyatta University as a whole. Also, the selected washer and dryer combo washing machines we have identified, are among the best rated energy savers, so no fear of 'over the roof' electricity prices.

Wasafi Washers and Dryers therefore, is more than just a laundry service company model, but a symbol of simplicity and technological advancement that is a pivotal characteristic of an Ultra-modern institution such as **Kenyatta University**. With this, we here at **Wasafi Washers and Dryers**, hope to have you on board in our journey to entrepreneurial success.

1. BUSINESS DESCRIPTION SEQUENCE

a) Business

The business to be set up is categorized in the service industry. The company intends to help solve time and energy management issues encountered by the student populace as they sort out their laundry. This will be done by providing washers and driers to instead perform the task at a small fee. The business will pilot in one hostel and depending on its prosperity move to other hostels.

b) Description of Products and Services

This business intends to provide a service, in the cleaning industry. Clients are to be offered cloth washing and drying services, to help them save on time, energy and other resources. The business will provide washing and drying machines, where the consumer can take their dirty laundry to be cleaned at competitive prices.

c) Legal form (Partnership)

General Partnership Agreement

_____, residing at _____
(name of partner) (address)
_____ and _____
_____, residing at _____
_____ and _____
(name of partner)
_____, residing at _____
(address)
_____, hereinafter referred to as the

"Partners" agree as follows:

1. Type of Business.

The Partners voluntarily associate themselves together as general partners for the purpose of conducting the general business of _____, and any other
(type of business)
type of business that may from time to time be agreed on by the Partners.

2. Name of Partnership.

The name of the Partnership shall be _____
(name)
_____. This name will be registered in the office of the Secretary of State of the State of _____ as the fictitious name of the Partnership.

3. Term of Partnership.

The Partnership shall commence on _____
(the execution of this Agreement or specify date)
and shall continue until _____ or
(specify date or "dissolved by mutual agreement of the parties")
terminated as provided in this Agreement.

4. Place of Business.

The principal place of business of the Partnership shall be at _____
(address)
_____, _____, _____
(city) (county) (state)
and any other place or places that may be mutually agreed on by the parties to this Agreement.

d) Mission statement

To provide cheap and time efficient alternatives to meet student laundry needs, thus helping them to effectively manage their time and energy for their core business; school work.

e) Brand name

Wasafi washers and driers.

f) Sources of finance and location

The business which is comprised of five legally young men and Kenyatta University will seek funding from the Uwezo youth fund and or women/youth fund to purchase the initial business requirements. This will be done by the 5 mentioned above and will constitute half of the capital. The rest of the capital will be provided by Kenyatta University and it will be in form of items not funds.

g) Market

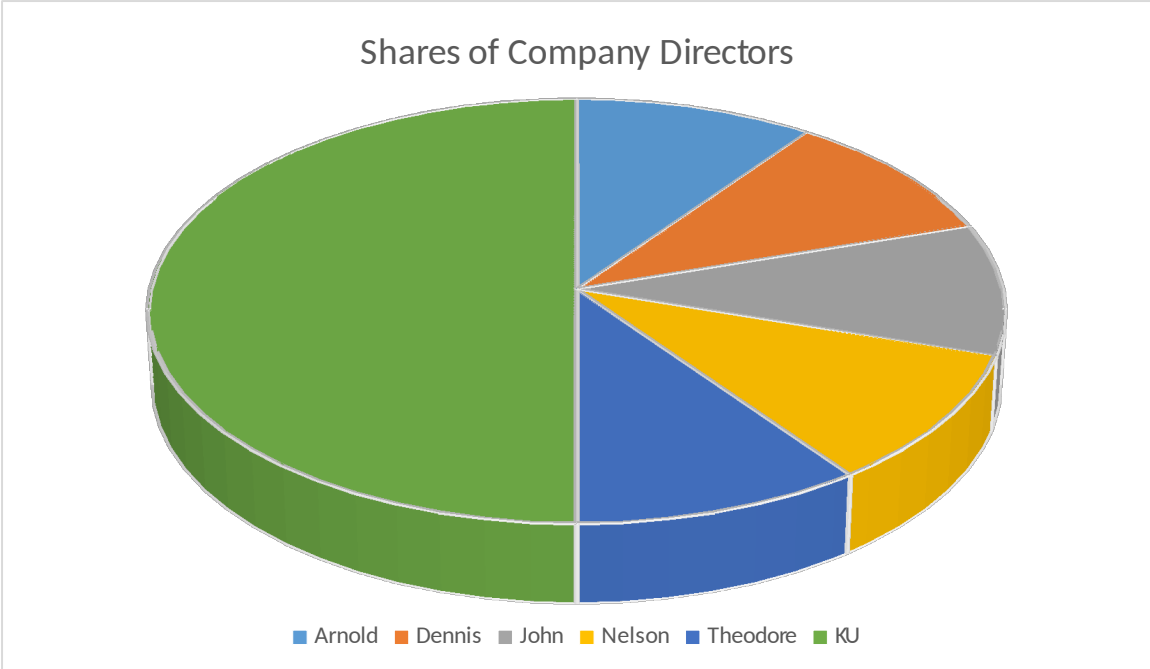
The initial market target is the student population residing in the school hostels, with the pilot project set to take place in Nyayo 1 hostel. Ideally this market should grow to cover other hostels within the school and hopefully spread to other tertiary education institutions.

h) Directors contribution (owner's equity)

The company comprises 6 major shareholders, namely Arnold Kamanda, Dennis Tonui, Theodore Mwangi, John Mwakio, Nelson Lutta and Kenyatta University. The individuals each hold a stake of 10% of the company with the remaining 50% being held by the school.

The five individuals shall source for funds to provide capital for the equipment to be used as well as any additional costs that they may incur. The school shall provide water and electricity, and this shall be taken as being worth 50% of the company initially.

However, the loan taken by the five individuals shall be serviced by proceeds from the business, regardless of the shareholding ratios. Any profits arising from the endeavor will however be shared in regard to the aforementioned ratio.

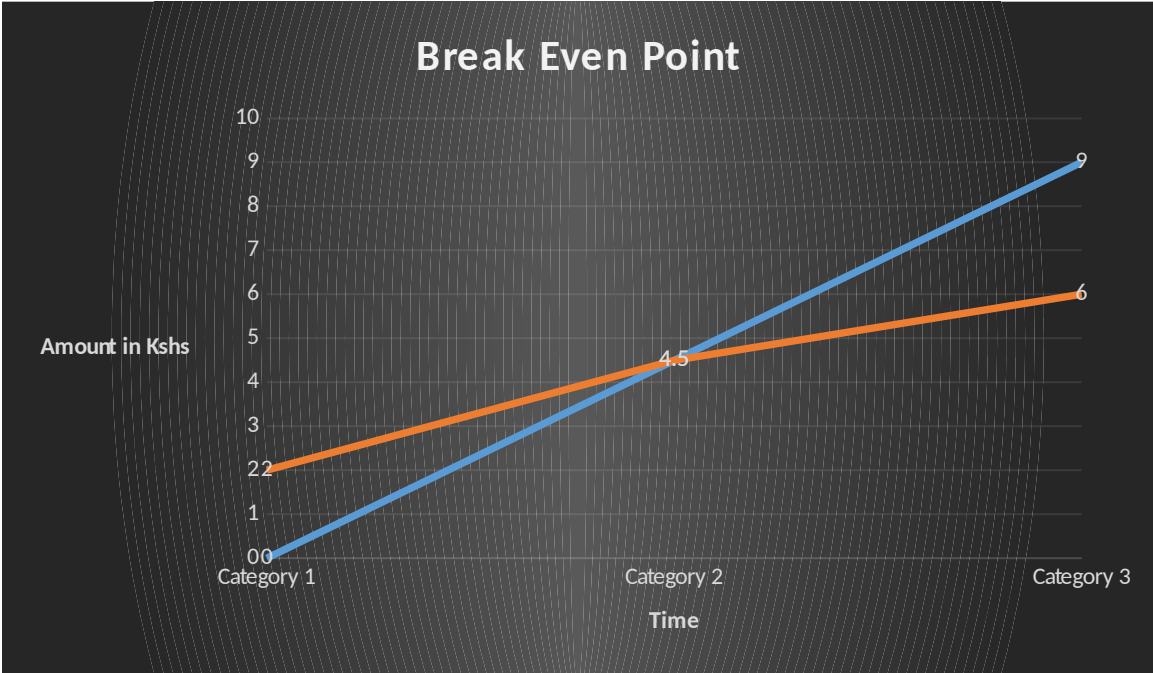


i) Break - even statement

The initial capital required for the business is Kshs. 996,000 provided by the individuals, while the capital provided by the school will also be valued at this figure. However, the loan attracts a simple interest of 12% p.a. to be paid in two years, that is from April to April, this is Kshs.1, 235,040. Therefore, the total capital will be Kshs. 2,231,040.

The expected net returns for the first year, second year and third year are Kshs.334, 152, Kshs.748, 886 and Kshs.573, 594 respectively.

The loan will be fully paid on April of the second year, and the company will hence start to enjoy maximum profits.



2. WASAFI WASHERS BUSINESS SEGMENT

a) INDUSTRY ANALYSIS

Wasafi washers and driers is a startup business in its first year within the campus. The idea has been well coined by students who have deemed it worthy for other students to have their clothes cleaned in a professional way while at the same time not putting a dent in a student's financial budget. This is because we wish to meet the needs of even the neediest student while making profit at the same time. I believe the idea will be well received and marketing will be critical to the success of the business. **Wasafi washers and driers** offers a clean, convenient laundry facility for those that do their own laundry as well as those in need of optional services. **Wasafi washers and driers** will lure customers in with easy and convenient self-service, and time saving convenience that cannot be found anywhere else within campus. Macro environmental factors affecting the clothing industry are those which lie outside our small company and our competitors who are the common *mwananchi* who offers their hand washed clothes services. Us as business owners have less control of these external factors and our impact in changing them is minimal. Instead, we as a small company must adapt to these macro environmental factors, which include consumer characteristics, technology government influence and the economy.

b) COMPETITION ANALYSIS

➤ An analysis of the direct competition that the business is likely to face is analyzed below:

➤ Location

The business will be located within the school premises near the students' hostels for easy access. We will also have our station outside the school to cater for the needs of students who live outside the school.

This will bring us a step closer to gaining many customers by going to the customer. There will also be stipulated guidelines and an authoritative figure to show the students how to use the washing and drying machines. We will ensure it's also accessible to the disabled.

Advantages:

- The business offers good customer service.
- It's located both within and outside the school.
- There is a person to supervise the use of the laundry machines.
- It's accessible to the disabled.

Disadvantages:

- The business lacks capacity in terms of washing and dry cleaning equipment.
- The business cannot guarantee same day service.
- At times the business is swamped with so much workload; it turns away customers, thus breaching reliability, making customers turn to competitors.
- The business has to make enough to pay the supervisors, electricity and water bills which may not be possible due to competition and during the long holidays.

➤ Barrier to entry (legal/political)

There are several barriers which the business faces such as lack of support from the campus budget, students' preference for hand washed clothes in order to save money, the school may also not be willing to offer rooms for storage of the machines.

The students may also be biased by the preference of sundried clothes. The students' political body may not be in league with the idea of having laundry services within the school premises; without support from the students' governing body we won't be able to negotiate smoothly with the administration.

High startup costs also hinder the start of our business, a single second hand cleaning machine costs a whopping 90,000-120,000ksh(We intend to purchase new ones because of the aftermarket service offered by the manufacturer, such as free service and repair for a period of time, and also warranty.). Thus the business requires a large sum of capital which may be inaccessible.

Lack of water or water shortage during the dry season may also be a barrier when the business is in operation thus an emergency water tank needs to be setup which also requires capital.

Lack of professional supervisors who know how to operate the machines and safety regulations is also a barrier. Repairs and maintenance also be a major headache as it cuts into the costs. Low cash inflow at the start of the business can cause us to close up shop.

➤ Social acceptability

Our main clients are the students, and in order to attract them we need to make it popular among them mainly by use of social networking and social media such as twitter, Facebook and WhatsApp. These are very powerful marketing tools especially among the youth.

➤ Pricing

The machines are coin operated and thus they require a certain amount of coins and a specified amount of clothes they can wash. You should also be careful about mixing colors as this will destroy the customer's clothes. Therefore a knowledgeable supervisor needs to be within the premises to ensure that the correct coins are placed into the machine so as not to cause it to malfunction.

➤ Indirect competition will emanate from well-established laundry departments within organizations such as those which offer dry cleaning services for suits which are just outside the school.

c) MARKET ANALYSIS

➤ Target marketing

Our target customers are the students in general. We can attract many students through social networks such as Twitter, Facebook and WhatsApp to make it popular among the students. We can also use marketing strategies such as posters and banners in and around the university premises.

Through the social media we will also be able to know customer complaints thus improving our services and reliability as a credible business.

There will also be promotions based on the number of times and consistency of a person.

There will also be raffles where the customers stand a chance to win a prize.

Potential customers	growth	2003	2004	2005	2006	2007	CAGR
Students	7%	11,121	11,899	12,732	13,623	14,577	7.00%
Low income customers	5%	6,434	6,756	7,094	7,449	7,821	5.00%
Other	0%	0	0	0	0	0	0.00%
total	6.28%	17,555	18,655	19,826	21,072	22,398	6.28%

(Survey done for a laundry service in a college in the US)

➤ [Share](#)

The **Wasafi washers and driers** business is divided into shares depending on the contribution of an individual, and also our concerned partners.

➤ [Value proposition](#)

The student's daily budget and satisfaction is at the back of our minds as we render our services to the customer. Customer satisfaction will lead to attraction of many more customers through word of mouth and networking.

3. MARKET ANALYSIS

a) Target market

Our company will offer DIY laundry services to University students from right where they reside. We plan to begin in Kenyatta University around the Nyayo campus hostels before expanding to other hostels and thereafter to other universities as well as student communities outside school.

Kenyatta University, our initial target market, has a resident student population estimated at **ten thousand**. Majority of them lie in the 18-30 age bracket. From the data collected by our company, we expect a customer base of between 25%-40% of this populace. With our set student friendly prices, any student can access our services. Our target market therefore cuts across socio-economic classes creating no boundary to our market size.

Our company comes up with solutions in the following areas;

- Cleanliness; we shall offer cleaning services without compromising the quality of fabrics of the laundry
- Security; stealing of clothes from the hostel laundry lines is a major complaint from students within the University. Three out of five resident students have experienced this. Wasafi has an option of dry cleaning where students will not have to leave their laundry outside to dry. This will help reduce cases of theft from the laundry lines.
Wasafi also plans to offer drying services where we shall install lines at our premises where our customers can dry their clothes at a small service charge of Ksh20.
- Time saving; compared to manual washing, washing machines makes cleaning easier consuming less time. The students will be able to use the time saved on their studies and co-curricular activities leading to productivity

Our secondary target market is the University staff that reside within the Universities. Our Laundromat will be of convenience to them as they will not have to go all the way outside the University for Laundry Services.

Currently there is no data on Laundromats in Universities as we are exploring a business opportunity not ventured into before.

b) Competition

Currently, no Laundromat or any company offers laundry services for students exist within our target markets. However the only competition we face are men and women who do students laundry at a fee.

At Wasafi the quality of our services shall massively supersede the one offered by these people. The washing machines will also provide maintenance of the quality of the fabrics as well as a wide range of detergents which our customers will access as part of the service cost.

c) Marketing Strategy

It is proven than the best form of advertisement is through word of mouth. To take advantage of this we plan to offer a clean environment, reliable machines as well as yield proper customer relations in a way

that students and other users of our services shall spread the word to non-users of our Laundromat. We plan to offer 50% discounts on our services to those customers who refer customers to our premises.

Wasafi will also use brochures and wall posters around the campuses to advertise its services. These brochures will contain lists of our services and their respective prices. They will also advertise discounts and offers that customers may enjoy.

As the company grows, we shall tap into university radio and TV stations to advertise our services.

d) Service strategy

We shall provide clarity to the users of our services. We shall offer cleaning services on a wide range of fabrics, from clothes to bed sheets to curtains as well as carpets.

Even though we may enjoy the absence of a major competitor, our company will not compromise on the quality of services we offer. We shall strive consistently to maintain superb quality in our services. We plan to have regular maintenance of our washing machines for quality assurance.

Wasafi will train its attendants to offer quality service and at the same time provide a friendly aura. Wasafi will be strict in cases of reported misdemeanor and misconduct from our attendants.

We will have suggestion boxes and customer books in which our customers will put forward recommendations as well as give reviews of the services offered to them.

We shall be open to adjustments in our services according to the customer needs. We are open to doing delivery services to our customers as from the second half of our first year of operation.

e) Promotion strategy

Apart from the discounts to the customers that refer other customers to us, Wasafi will also offer free washes on the first day of opening new branches.

We shall also have a card with spaces for eight stickers. A sticker will be earned every time a customer uses our services. When the card is full, the customer shall submit the card in exchange for a free wash.

f) Price strategy

At Wasafi, we are indeed aware that price is a major determining factor for our business. We therefore set prices for our services which majority of University students will be able to afford.

Prices however shall be adjusted in various instances such as in promotional pricing, where we shall offer discounts to our regular customers and in the case of opening new branches. Our prices shall also be adjusted in the case of increase or decrease in operational costs due to water and electricity.

Our pricing brings our estimated breakeven point to two years in the sense that we repay our loans half during the first year and the other half during the second year of operation.

g) Value proposition



WASAFI CLEANERS AND DRYERS

your cleanliness is our delight

**CLEANING AND DRYING IN LESS THAN THIRTY MINUTES
*MAINTENANCE OF FABRICS
POCKET FRIENDLY PRICES

**COIN OPERATED WASHING MACHINES
*WIDE RANGE OF DETERGENTS
UPTO 50% DISCOUNTS

4. FINANCIAL PLAN

a) Financial Assumptions

The following are the assumptions that the management of the business will use to help it make appropriate decisions more so financial decisions.

- The number of customers increases by 50% yearly.
- The bank loan will be paid over a period of two years at an interest rate of 12% p.a.
- Of the total number of people using the services daily, half of them only wash their clothes, with the other half only drying their clothes.
- The customer-machine ratio remains 9.125:1.
- Initially, 73 customers visit the premises daily.
- The number of machines increases by 50% annually.
- The machines will depreciate at a rate of 5%
- Statutory tax will remain at 30% annually.
- The attendant is paid 60000sh p.a.

b) Preoperational Costs

These are the costs that will be incurred before the business starts. These costs shall be incurred only once.

The following table displays these costs.

Items	Description (sh)
Washing machines and dryers	880000
Water tank	10000
Furniture and fittings	7000
Painting	3000
Total Preoperational costs	900000

c) Estimated working capital

Current Assets	2016	2017	2018
Cash at hand	100000	120000	150000
Cash at bank	1232250	1887500	2514500
Preoperational deposits	900000	-	-
Total Current assets	2232250	2007500	2664500
Less Current liabilities	-	-	-
Tax	143208	320994	245826
Outstanding wages	60000	60000	60000
Total Current liabilities	203208	380994	305826
Working Capital	2029042	1626506	2358674

d) Projected Cash flow

Period between April 2016 and December 2016.

MONTH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Cash inflow									
Sales	109500	109500	109500	109500	109500	109500	109500	109500	109500
Other income	-	-	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-	-	-
Total Cash	109500	109500	109500	109500	109500	109500	109500	109500	109500
Cash Outflow									
Loan	51460	51460	51460	51460	51460	51460	51460	51460	51460
Salaries	5000	5000	5000	5000	5000	5000	5000	5000	5000
Total Outflow	56460	56460	56460	56460	56460	56460	56460	56460	56460
Cash Surplus/Deficit	53040	53040	53040	53040	53040	53040	53040	53040	53040
Opening Balance		53040	106080	159120	212160	265200	318240	371280	424320
Closing Balance	53040	106080	159120	212160	265200	318240	371280	424320	477360

		0	0	0					
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Period between January 2017 and September 2017.

<u>MONTH</u>	<u>JAN</u>	<u>FEB</u>	<u>MARC</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>
<u>Cash inflow</u>									
Sales	109500	109500	109500	165000	165000	165000	165000	165000	165000
Other income	-	-	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-	-	-
Total Cash	109500	109500	109500	165000	165000	165000	165000	165000	165000
<u>Cash Outflow</u>									
Loan	51460	51460	51460	51460	51460	51460	51460	51460	51460
Salaries	5000	5000	5000	5000	5000	5000	5000	5000	5000
Total Outflow	56460	56460	56460	56460	56460	56460	56460	56460	56460
Cash Surplus/Deficit	53040	53040	53040	108540	108540	108540	108540	108540	108540
Opening Balance	477360	530400	583440	636480	745020	853560	962100	1070640	1179180
Closing Balance	530400	583440	636480	745020	853560	962100	1070640	1179180	1287720

Period between October 2017 and June 2018.

<u>MONTH</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>
<u>Cash inflow</u>									
Sales	165000	165000	165000	165000	165000	165000	219000	219000	219000
Other income	-	-	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-	-	-
Total Cash	165000	165000	165000	165000	165000	165000	219000	219000	219000
<u>Cash Outflow</u>									
Loan	51460	51460	51460	51460	51460	51460	-	-	-
Salaries	5000	5000	5000	5000	5000	5000	5000	5000	5000
Total Outflow	56460	56460	56460	56460	56460	56460	5000	5000	5000
Cash Surplus/ Deficit	108540	108540	108540	108540	108540	108540	214000	214000	214000
Opening Balance	1287720	1396260	1504800	1613340	1721880	1830420	1938960	2152960	2366960
Closing Balance	1396260	1504800	1613340	1721880	1830420	1938960	2152960	2366960	2580960

Period between July 2018 and March 2019.

MONTH	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH
<u>Cash inflow</u>									
Sales	219000	219000	219000	219000	219000	219000	219000	219000	219000
Other income	-	-	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-	-	-
Total Cash	219000	219000	219000	219000	219000	219000	219000	219000	219000
<u>Cash Outflow</u>									
Loan	-	-	-	-	-	-	-	-	-
Salaries	5000	5000	5000	5000	5000	5000	5000	5000	5000
Total Outflow	56460	56460	56460	56460	56460	56460	5000	5000	5000
Cash Surplus/ Deficit	214000	214000	214000	214000	214000	214000	214000	214000	214000
Opening Balance	2580960	2794960	3008960	3222960	3436960	3650960	3864960	4078960	4292960
Closing Balance	2794960	3008960	3222960	3436960	3650960	3864960	4078960	4292960	4506960

e) Income Statement

For the year ending Dec 2016.

Cash Sales		985500
Add opening stock	880000	
Less closing stock	880000	0
Gross profit		985500
Less operating expenses		
Salaries and wages	45000	
Depreciation 5%	44000	
Loan repaid	463140	552140
Net profit before tax	477360	
30% Tax	143208	
Net profit		334152

Income Statement

For the year ending Dec 2017

Cash sales		1813500
Add Opening Stock	880000	
Purchases	440000	
Less Closing Stock	1320000	0
Gross profit		1813500
Less operating expenses		
Salaries and wages	60000	
Depreciation 5%	66000	
Loan repaid	617520	743520
Net Profit before tax	1069980	
Tax	320994	
Net profit after tax		748986

Income Statement

For the year ending Dec 2018

Cash sales		2466000
Add Opening Stock	1320000	
Purchases	44000	
Less Closing Stock	1364000	0
Gross profit		1102000

Less operating expenses		
Salaries and wages	60000	
Depreciation 5%	68200	
Loan repaid	154380	282580
Net Profit before tax	819420	
Tax 30%	245826	
Net profit after tax		573594

Balance Sheet

As at December 2018

<u>Assets</u>		<u>Liabilities</u>	
<u>Fixed Assets</u>		<u>Fixed Liabilities</u>	
Machines	1364000	Loan	900000
Less Depreciation	178200		
		<u>Current liabilities</u>	
		Accrued Wages	285800
	<u>1185800</u>		<u>1185000</u>

f) Desired financing

This is the total amount of money required to start the proposed business. This sum is 900000, and is summarised in the table below.

Item	Amount
Preoperational costs	900000
Total	900000

g) Proposed Capitalization

The Business will cost 900000, all of which shall be obtained through a bank Loan.

