

SEMINARSKI RAD

BUSINESS PLAN OUTLINE

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1.0 Summary

Racing parts (RP) is a small organization in North Carolina dealing with parts for racing cars on its premises and ordering parts by post.

1.1 Objectives

1. For RP to become the number one destination for buying beginner racing supplies in Carolina
2. To achieve a gross profit margin percentage of 30% and increase it for at least 1% per year until it reaches the ultimate goal of 33% per year
3. To sell 350 thousand dollars worth of products within the first year
4. To maintain a solid growth rate of 30% per year for the first five months

1.2 Mission

We want to establish a successful partnership with our customers, our employees and our suppliers that respect the interests and goals of each side.

We will continually review what is available in the market and what is not so that we constantly strive to answer to our customer's requirements. By improving what is available and providing new products and services in areas where they are necessary, we will secure our success in the market which is guided by consumer demands

1.3 Keys to Success

To succeed in this business, we have:

- To be an active member of the racing community - to attend ceremonies at the local racetrack, to attend regional and national business meetings
- To deliver our products on time
- To work with our customers on a personal level

2.0 Company Summary

RP is a new company that will, from day one, provide beginner racing cars made for oval track racing, along with affordable products and quality service

2.1 Company Ownership

RP is a corporation of North Carolina, and is fully owned by Tim and Molly Jones

2.2 Company Locations and Facilities

RP is located on 123 Main Street, Anytown, North Carolina. This location will afford us good visibility along with convenient access for traveling race teams who want to stop at our site.

Initially we will rent 900 square meters in a 3,048 square foot building. As needs dictate, our office and/or warehouse can be expanded to 2,500 square meters.

This site will consist of an exhibition space, offices and warehouses. All shipping and handling will be regulated at this location. We will have a spacious parking space available.

3.0 Products and Services

RP will sell racing products initial level athletes. These products will include parts of engines and chassis together with safety equipment and equipment installation.

3.1 Product Description

RP will assist its customers in selecting the best components for their application at a price that is similar to or lower than their expectations. In case of problems, we will be there to assist and advise the customer about a quick solution.

We will sell or have quick access to most major lines of racing equipment. We will also sell general merchandise that we will label and market under our name. Private labels will allow us to, in most cases, greatly increase our profit, as the purchasing costs are low for this type of merchandise.

3.2 Technology

All computer components and software systems that RP will use are carefully evaluated. We will use software that is based on PCs and can be purchased immediately for accounting purposes, which include receivables and payables, inventory, purchasing, sales and return. We begin with three networked computers and will extend them if necessary.

This system will speed up our process of entering orders, assist us in forecasting sales and will enable us to reach a higher level of customer service.

3.3 Future Products

We have to stay on top when it comes to new products and trends. The most important factor in developing new products is the demand of the market. Our understanding of the needs of our specialized market is one of our advantages.

Another area for expansion in the future would be opening a website. Commerce over the Internet is becoming an extremely attractive option because of the relatively low operating costs, global Internet access as a mediator and increased security.

4.0 Market Analysis Summary

Currently, the market for racing parts and accessory equipment is rapidly expanding. Overall, it was calculated that the retail market for racing products is worth 1.5 billion dollars per year and is continuing to grow. The only real threat to our enterprise would be a similar company on the market.

4.1 Market Needs

Since our target market are beginner racers, the most important needs are service, price and availability, respectively. One of the key things in our strategy is to focus on target segments that know and understand these needs and are prepared to meet them for us.

4.2 Market Trends

We have identified four trends that will help us:

1. Motorsports in general and racing on circular tracks in particular recorded unprecedented growth in interest in recent years
2. In this area, there was a remarkable population growth in the last decade, roughly about 25%
3. There are many serious young kart racers who have chosen this sport
4. There is also the older generation who will, considering that now they have enough money and time, turn to something that they have always wanted – motorcycle racing

4.3 Main Competitors

Professional racers and beginner racers are directed towards the professional market (NASCAR Winston Cup). They sell very different products to the market. Their prices are high and their interest to sell in the beginner's market are practically non-existent.

They are a big company that deals with mail order of racing equipment and collect profits from the racing track. Since the RP will meet the needs of the racing market, we believe that any local customer will change their supplier. We will have more knowledge and experience to respond to their needs.

5.0 Strategy and Implementation Summary

Our strategy is reflected in the fact that we will offer good service beginner racers. This area is full of small racing teams that cannot get products or services from major vendors who focus mainly on the professional racing teams.

5.1 Marketing Strategy

Retail marketing strategies of RP is focused on creating a corporate identity that clearly defines our position in the market in a way which leads to our customers making profit. Here are the other strategies that will be used:

1. Printed advertisements
2. Press Releases
3. Sponsorship
4. Tags
5. Clothing
6. Grand opening
7. Trade fairs
8. Word-of-mouth recommendation

5.2 Pricing Strategy

We need to ensure that our prices and services look good to racers. Our pricing strategy must be competitive for different product categories, but we can not rely on the sales price and ignore the other benefits of doing business with our company. We will sell different quality products that are always available at a reasonable price that goes along with our excellent service.

5.3 Promotion Strategy

Our most important thing to promote the sale will be our catalog, which will be shared:

1. In stores
2. In addition to postal orders
3. Personally shared in the area around the racing track
4. At fairs and auctions

5.4 Distribution Patterns

Our customers will buy our products at our address. We expect a substantial sum from sales via mail order, in order to meet and overcome our sales forecasts. We will receive orders via e-mail, phone or fax, process them immediately and send our goods via mail.

In the event that we run out of stock, many of our vendors have offered to do the delivery as a service to us, which will enable us to maintain our high level of service.

6.0 Management Summary

This is a small company that is owned and managed by Tim and Molly Jones, husband and wife, as a subgroup of S corporations.

6.1 Organizational Structure

Tim Jones – Chairman

Tim will be the main seller. He will also be responsible for shipping and receiving goods, inventory management, marketing and promotion of products, and assist with the keeping of business books and retention costs.

Molly Jones – Secretary

Molly will take care of the company's documents and will be directly connected to accounting and other advisors. She will manage a computer system and will be in charge of all the publications for the company. If necessary, she will assist in sales, upload and acceptance of goods, and in matters involving customer service.

We plan to hire additional staff as the need and opportunity for them arises.)

6.2 Management Team

Tim and Molly will form the management team, as they not only have the desire to be successful, but also bring great knowledge and experience to RP. They have nearly thirty years of combined experience in the racing industry and they have both worked with all aspects of business with racing parts.

6.3 Personnel plan

The basis of the personnel plan is to maximize productivity and minimize operating expenses of the company. Following growth of our business, a constant increase in the number of staff, along with increased sales, is expected.

7.0 Financial plan

- Wages and rent are two main expenses.
- We want to finance growth mainly through cash flow
- Owners of RP do not intend to take any profit until the long-term debt has been covered. If profits remain after the debt is settled, they will be used to finance growth, mainly through the acquisition of additional inventory.

7.1 Projected Start – up costs

Profit and loss			
Sales	\$367.019	\$472.085	\$608.670s
Direct property expenses	\$245.154	\$314.147	\$402.472
Price of property expenses	\$245.154	\$314.147	\$402.472
Gross profit	\$121.865	\$157.938	\$206.198
Gross profit %	33.20%	33.46%	33.88%
Costs:			
Wages fund	\$26.400	\$39.680	\$66.016
Sales, Marketing and other costs	\$13.404	\$15.734	\$18.489
Technical obsolescence	\$2.650 \$3.445	\$4.478	
Budget offices	\$600	\$780	\$1.014
Company	\$2.400	\$2.400	\$2.400
Security	\$360	\$360	\$360
Insurance	\$840	\$840	\$840
Rent	\$19.200	\$19.200	\$19.200

Technical obsolescence	\$4.140	\$4.140	\$4.140
Leased equipment	\$0	\$0	\$0
Fees to pay	\$3.960	\$5.952	\$9.902
Other	\$0	\$0	\$0
Total operating expenses	\$73.954	\$92.531	\$126.839
Profit before interest and taxes	\$47.911	\$65.407	\$79.359
Interest expense	\$0	\$0	\$0
Required fees	\$11.999	\$16.352	\$20.170
Net profit	\$35.912	\$49.055	\$59.188
Net profit/sales	9.78%	10.39%	9.72%

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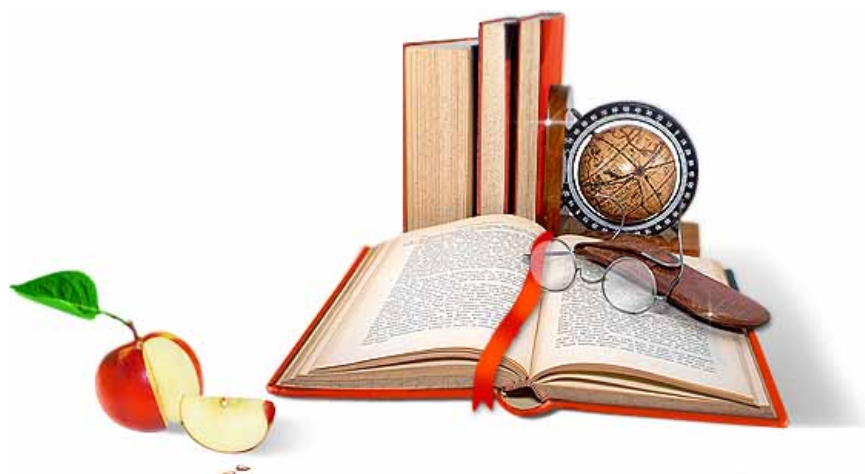


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