

Baizid Store

BRIEF BIO OF THE ENTREPRENEUR

Name	:	Md. Baizid Hossain
Marital status	:	Unmarried
Age	:	22 years
Address	:	Vill: Mohesha, Union: Pursha, Post: Mirbag, Upazila : Kaunia, District: Rangpur
Mother <i>(Grameen Bank Borrower)</i>	:	Mrs. Khadija Mirbug, Centre # 62/Mo, Loan no.: 6024, Member since 2007 Existing Loan –36000, Outstanding-34,250
Education	:	Hons. (CSC)
Experience	:	2 years experience in the business of hardware. He started business with his father (retired) and now he has become owner of the business. The start up capital was BDT 66,000 (10 years ago) and now it's value is about BDT 420,000.

BUSINESS Briefing

- Business Name : *Baizid Hardware*
- Shop location: Mirbug, Mohesha, Rangpur
- Total Investment: **BDT 720,000**

Financing:

- ❖ Self BDT 420,000 (from existing business)
- ❖ Required Investment BDT 300,000 (as equity)

➤ **Implementation:**

The business is planned to be scaled up by retailing hardware products targeting break even point within the **first year** & pay back period is estimated to be **four years**.

Objectives

- Become a prominent Nobin Udyokta;
- Well establishing as an entrepreneur;
- Create employment opportunities especially for family members of Grameen Bank Borrowers ;
- Provide quality goods to meet demand in the community;
- Contribute in improving socio-economic condition.

Additional Information:

- Salary will be used for his family expenses;
- One person will be employed in this business;
- He has trade license & ownership in his own name;
- Maintains regular records of business transactions
- He has to provide GB loan from his running business
income

Investment Breakdown

Particulars	Existing Business (BDT)	Proposed (BDT)	Total (BDT)
Investment in Goods	400,000	300,000	700,000
Furniture, Fixtures & Decoration	20,000	-	20,000
Total Capital	420,000	300,000	720,000

Means of Finance

Particulars	Amount (Tk.)	%
Entrepreneur's Contribution	420,000	58%
Investor's Investment	300,000	42%
Total	720,000	100%

Existing Business

Particulars	Existing Business (BDT)		
	Daily	Monthly	Yearly
Estimated sales revenue	13,000	338,000	4,056,000
Total Sales (A)	13,000	338,000	4,056,000
Calculation of Variable Cost:			
<i>Less: Variable Cost:</i>			
Estimated cost of sale	11,830	307,580	3,690,960
Total Variable Cost (B)	11,830	307,580	3,690,960
Contribution Margin (CM) [C=(A-B)]	1,170	30,420	365,040
<i>Less: Fixed Cost:</i>			
Electricity bill		400	4,800
Salary- own		8,000	96,000
Salary- employee (1)		-	-
Transport		2,500	30,000
Entertainment		1,500	18,000
Others		1,000	12,000
Depreciation Expenses		333	4,000
Ownership Transfer Fees		-	-
(D) Total Fixed Cost	458	13,733	164,800
(C-D)Net Profit:		16,687	200,240

Key assumptions for forecasting

- Sales growth will be 25% in 1st year and 10% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 9% on an average.
- Depreciation has been charged on fixed assets at the rate of 20%.

Financial Projection

Particulars	Year 1 (BDT)			Year 2 (BDT)			Year 3 (BDT)			Year 4 (BDT)		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
Estimated sales revenue	16,250	422,500	5,070,000	17,875	464,750	5,577,000	19,663	511,225	6,134,700	21,629	562,348	6,748,170
Total Sales (A)	16,250	422,500	5,070,000	17,875	464,750	5,577,000	19,663	511,225	6,134,700	21,629	562,348	6,748,170
Calculation of Variable Cost:												
Less: Variable Cost:												
Estimated cost of sale	14,788	384,475	4,613,700	16,266	422,923	5,075,070	17,893	465,215	5,582,577	19,682	511,736	6,140,835
Total Variable Cost (B)	14,788	384,475	4,613,700	16,266	422,923	5,075,070	17,893	465,215	5,582,577	19,682	511,736	6,140,835
Contribution Margin (CM) [C=(A-B)]	1,463	38,025	456,300	1,609	41,828	501,930	1,770	46,010	552,123	1,947	50,611	607,335
Less: Fixed Cost:												
Electricity bill		400	4,800		500	6,000		600	7,200		700	8,400
Salary- own		10,000	120,000		10,000	120,000		11,000	132,000		12,000	144,000
Salary- employee (1)		3,000	36,000		3,000	36,000		3,000	36,000		3,000	36,000
Transport		2,500	30,000		2,600	31,200		2,650	31,800		2,700	32,400
Entertainment		1,500	18,000		1,600	19,200		1,650	19,800		1,700	20,400
Others		1,000	12,000		1,000	12,000		1,000	12,000		1,000	12,000
Depreciation Expenses		333	4,000		333	4,000		333	4,000		333	4,000
Ownership Transfer Fees		-	-		1,333	16,000		1,833	22,000		1,833	22,000
(D) Total Fixed Cost		18,733	224,800		20,367	244,400		22,067	264,800		23,267	279,200
(C-D)Net Profit:		19,292	231,500		21,461	257,530		23,944	287,323		27,345	328,135
Cumulative Net Profit:			231,500			489,030			776,353			1,104,488

Break Even Point analysis

Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	9%	9%
Break Even Point (BEP):	18,733	224,800
	9%	9%
Break Even Point (in Tk.)	208,148	2,497,778

Cash flow (Rec. & Pay.)

<i>Particulars</i>	<i>Year 1 (BDT)</i>	<i>Year 2 (BDT)</i>	<i>Year 3 (BDT)</i>	<i>Year 4 (BDT)</i>
Cash Inflow				
Investment Infusion by Investor's	300,000	-	-	-
Net Profit (Added back Ownership Tr. Fee)	231,500	273,530	309,323	350,135
Depreciation	4,000	4,000	4,000	4,000
Opening Balance of Cash Surplus	-	201,250	382,780	564,103
Total Cash Inflow	535,500	478,780	696,103	918,238
Cash Outflow				
Purchase of Product	300,000	-	-	-
Payment of Grameen Bank Loan	34,250			
Investment Pay Back (Including Ownership Tr. Fee)	-	96,000	132,000	132,000
Total Cash Outflow	334,250	96,000	132,000	132,000
Total Cash Surplus	201,250	382,780	564,103	786,238

Outcomes

- The business will start with BDT **720,000** and it is expected that by the end of four years after payback of investor's money the entrepreneur's capital will be BDT **15,24,000**.
- The business will serve the community by selling quality and in demand products and strive to improve every year.

Risk Factors

- Theft
- Local competition
- Fire
- Political unrest

Risk Management

- Adequate precautions to be taken
- Arranging fire extinguisher (if possible), sand and water.
- Close market watch to compete

Pictures







Thank You