

# HRPS

## WELFARE EMERGENCY TECHNICAL AID

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### BUSINESS PLAN PRESENTATION

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by

SHUKUR MAMMADOV



© Student Number: ADA0517020

EMBA 2019

*HRPS - "WELFARE EMERGENCY TECHNICAL AID" Final Individual Assignment*

## ACKNOWLEDGEMENT

I would like to express my tremendous gratitude to ADA and MSM community for friendly and very professional environment they established to our intake. During 24 months I personally obtained very useful knowledge and practices, have got many professional relationships and practice tools to implement to business. My special thanks to both universities' rectorate and to dean for ultimately assigned knowledgeable professors.

I also would like to thank to colleagues and university tutors who helped to me and to other group mates while two years long journey.

Finally, my special thanks to my family who supported me to my education development and tolerated to the time when I consumed from them, which they desired to have it.

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## **EXECUTIVE SUMMARY**

Azerbaijan is among of developing countries. This is not secret that Azerbaijan economy is oil driven economy and with latest worldwide conjecture their high demand to the oil and with oil price increase country economy also positively affecting. Government seriously intended to develop nonoil sector. “As a result of the measures taken in Azerbaijan, it is projected that the non-oil sector will grow 3.9 percent. Considering the changes taking place in the global economy and the economic situation in our main partner countries, Azerbaijan’s Economy Ministry has prepared socio-economic indicators for 2019 and for the medium term over the next three years,” (<https://www.azernews.az/business/140839.html>) certainly with non-oil sector development country population income level is increasing and welfare status also positively changing. Azerbaijan made high percentage point (pp) in construction and trade & repair services areas on nonoil economy. (<https://www.economy.gov.az/en/article/non-oil-industry/22771>). There 1.2 pp for construction and 1.5 pp increase in repair and vehicle services. This is obvious fact for construction business domination in nonoil economy sector. Following to construction other business areas in this domain also developing logically like, proprietary and welfare repair services too. Surely in big cities and other urbanized areas of the country lifestyle is changing. With digitalization trends and construction materials development and demand for qualities require different approach to welfare complexities management. Where in this business plan paper professional company establishment for welfare complexities management proposed with their opportunity study, financial projection and marketing promotion development.

There great opportunity in the market for professional welfare complexity management company. Such as, while looking to European countries, there already established firms which

dealing with all kind of welfare complexities. There also tendencies in CIS countries for professional welfare problems management services. Much details already studied in industry analyze chapter of this paper.

Three years financial analyze done for proposed business. Approximately 104.5K AZN will be required, which 50K own investment and 60K loans considering to be attracted for company launch. Additional 182.6K AZN investment also will be needed upon planned sales growth. Within first year 12th month company will become to its breakeven point. According to sales forecast company will have approximately 1-2 % monthly growth expected in sales volume. Company net profits approximated 134.6K, 100.9K, 166.9K during three years accordingly.

For marketing part of the business, clear marketing strategy and famous 4P's model were developed. Digital marketing will be widely used for successful marketing activities. As a result, strong brand, strategic partnership and target audience awareness will be created.

The result show that there demand in the market for welfare complexity management services and proposed business address the needs of market. Studied financial analyze show that, business is feasible and can provide sustainable growth and profit. Moreover, business has great future potential to enter into construction and proprietary business. As country nonoil economy area, the construction promises bright growth future. Considering this fact proposed business also carry less risk as always company either can be sold or company assets are always might be open to sale as exit strategy.

Considering above sayings, I highly recommend to potential investors to invest to this business and become a partner in such a virgin market.



## **INTRODUCTION**

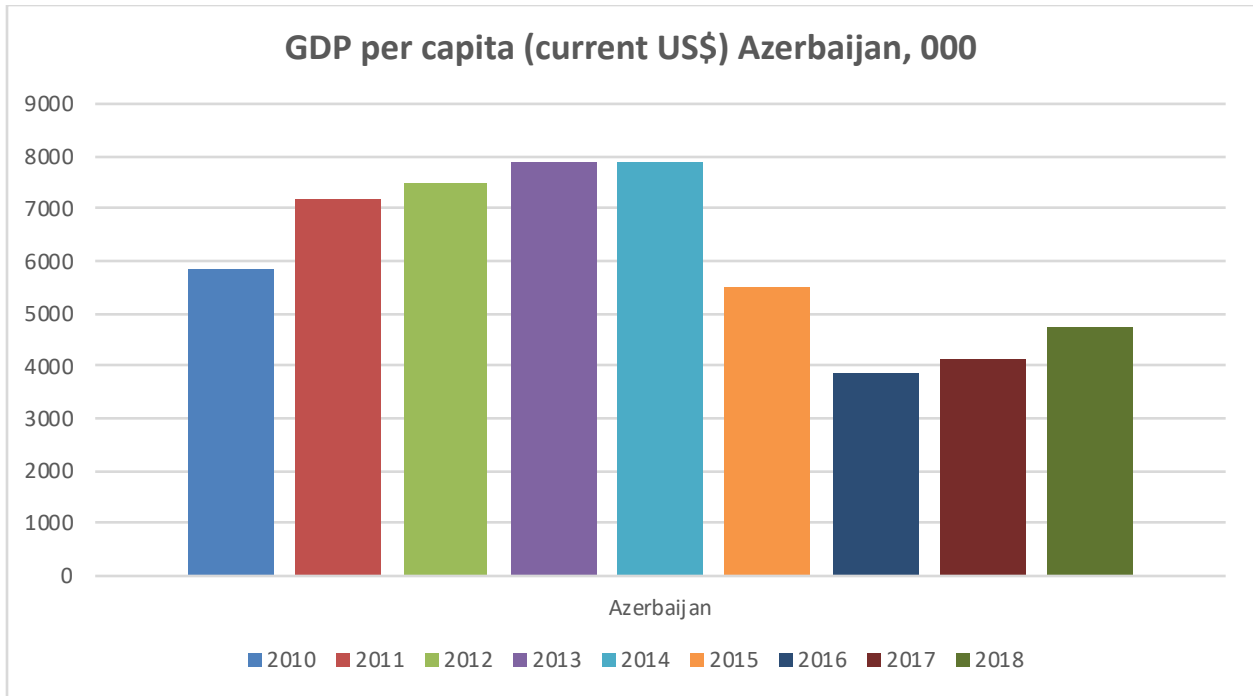
The aim of this paper to introduce business plan in welfare service area. This is highly demanding service in Azerbaijan. Especially if to consider that most of buildings are old and flat infrastructure are an old, urbanization is increasing in Azerbaijan, this service is demanding by population. In this paper, motivation, opportunity for services in cities will be analyzed with it is growth strategy and operational plan. Canvas business model and SWOT analyze will be implemented while preparing business plan paper. In order to understand business scale and growth primary data collected and analyzed. Also expected result from business plan, required competencies and plan to complete business plan will be given in future chapters. Surely competition environment analyzed and competitive advantages developed to compete in nonregulated market.

Unfortunately, there very weak secondary data available in the open sources. Because of non-developed market in services area, it is really very hard to benchmark the financial and marketing figures to understand feasibility. This limitation will be well analyzed in limitation chapter. Therefore, business growth and proforma financial projection will be strictly tuned during business operations.

## **BAKGROUND**

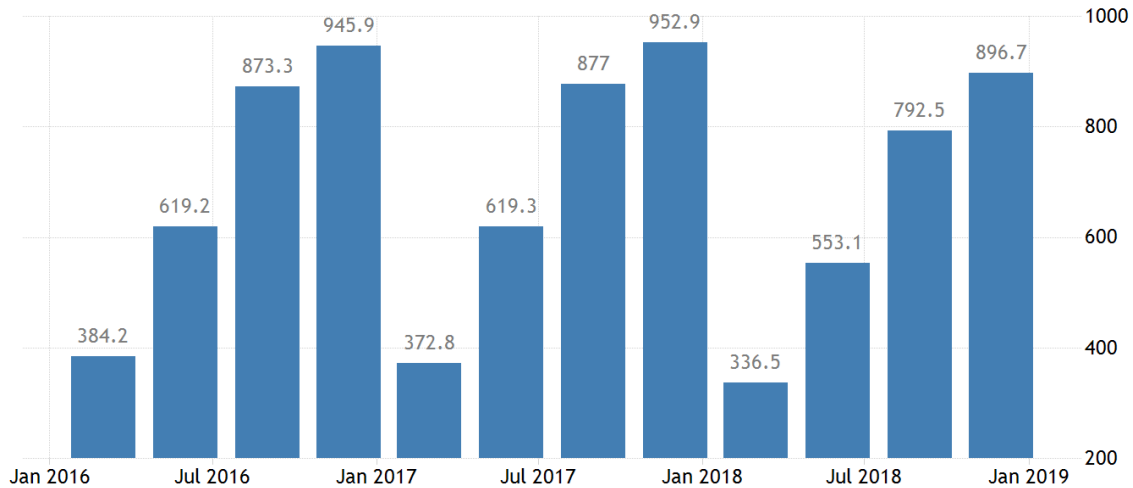
Azerbaijan's economy expanded at a moderate pace in 2018, aided by stable oil production and a modest pick-up in domestic demand. As natural gas exports rise, economic growth is forecast to accelerate over the medium-term. (<https://www.worldbank.org/en/country/azerbaijan/overview>)

The development illustrated in below figure.



*Figure 1. Azerbaijan GDP per capita*

As an oil driven economy, the country economy substantially depends from oil export. But nonoil economy development is a serious agenda of government and there already taken measures to develop this economy area. (<https://www.azernews.az/business/140839.html>) The construction has a crucial role in nonoil economy development. According to ministry of economy development of the Azerbaijan, “repair & vehicle trade” economy area leading in nonoil economy part and “construction” economy has a second engine of the economy. Since proposed business model is construction related and seriously depend from this economic area, the construction GDP of the country given from state statistical committee web site.

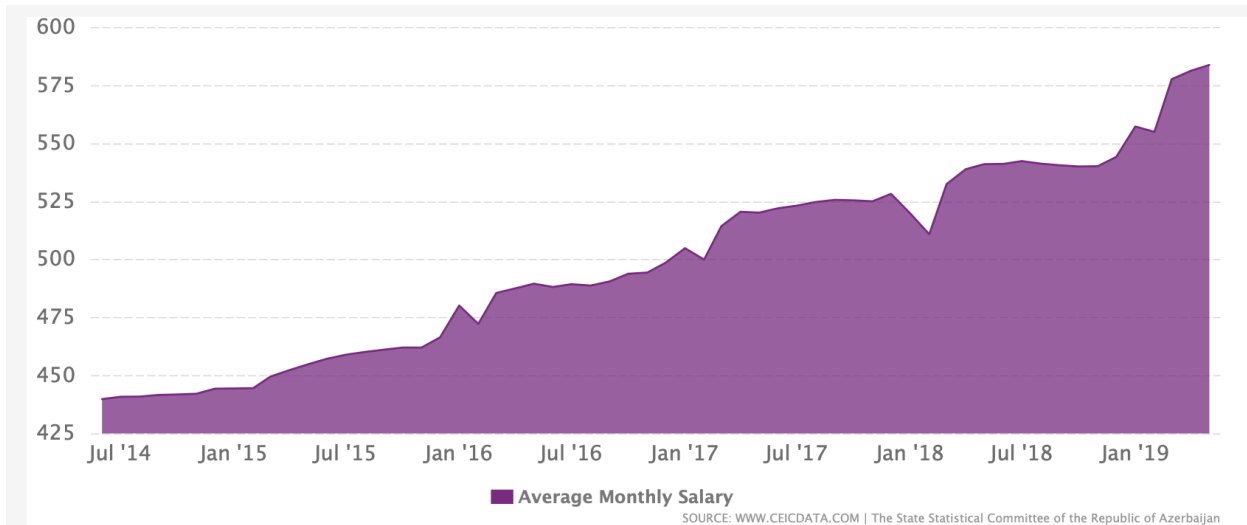


SOURCE: TRADINGECONOMICS.COM | THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

Figure 2. Azerbaijan GDP from Construction

With latest economy development population urbanization and income level also increasing. According to published reports about Azerbaijan economic development over last decade – “Over the past 10 years, Azerbaijan’s urban population has relatively increased. The tendency towards urbanization is expected to continue in the coming years, and this puts forward new requirements for the formation of the urban infrastructure.” ([https://president.az/files/future\\_en.pdf](https://president.az/files/future_en.pdf)) The government also taking very active measures to minimize the poverty in the country. According to official president web site, “The issue of poverty within the framework of the concept is assessed at the level of the concept of “multi-factor poverty” in line with modern approaches to the human development concept. Over the past 10 years, Azerbaijan has gained undeniable achievements in drastically reducing poverty. ([https://president.az/files/future\\_en.pdf](https://president.az/files/future_en.pdf)) This tendency also observing from central state statistical committee data. The data given in below figure covering last five years. It is obvious that between

2014 – 2019 population income level increased by 41 percent and reached to more than 575 USD per month.



*Figure 3. Average monthly salary development*

Unfortunately, there no sufficient data for much deep analyze of the background. This subject will be touched in “limitations” chapter but available data allow us to think about real opportunity in the market for “welfare technical problems” management and to establish professional company to response market demand in urban standards.

## **OPPORTUNITY**

The idea of proposed business model was raised from personnel experience. In a brief explanation, proposed business model relates to family’s and individual’s welfare technical complexity management. Hope as a flat user all of us experienced with electricity, gas, heating, plumbing, furniture repair and etc. kind of problems during our daily life. In Azerbaijan, there was very rare initiatives for centralized service centers to manage all kind of problems from sole

source/contact. But in fact, all flat users have to manage all house related problems by themselves by searching relevant masters from market in a person way and to deal with entire problem lifecycle. By other words, all below steps obliged to manage from home owner:

- Diagnosing of the problem to understand first symptoms of issue
- To find a proper master based on this diagnosis
- To agree suitable timeslot to invite master to home
- To identify necessary spare parts to purchase
- To find a right shop for spare part purchase or necessary services delivery
- To replace needed part
- To ensure failure elimination
- To pay for services.

As seen all this long process managing by homeowner and cause a lot of time lost and additionally, quality of works usually is not satisfying the owners without warranty to performed scope. Moreover, in most cases welfare critical problems are delaying due to owners' overload, not willingness to deal with problems complexity or with lack of experience in this field. Then such delays cause other problems to the families or owners. While facing with such cases idea was raised, why not to have centralized service delivery to manage such complexities and to bring relax and easy management to city lifestyle.

It is obvious that city lifestyle is different than rural and in the urban areas people are busier with their industrial occupancy and lazier in parallel to deal with home welfare problems. It is also logical that in cities home owners doesn't have a necessary skill to repair home issues by themselves. From different point of view, urbanization bring high competition to all areas of life and people have to be more professional and highly skilled to understand and manage even small

pieces of issues. Therefore, by human being we urged to manage welfare problems in a professional way. For example, in case of even small issues of home electricity, water system, washing machines, refrigerators, furniture repair etc. we have to find proper master to solve problem in shortest and professional way. So, basically in this business model:

- Professional scope managers will be involved to understand potential house problems
- Pool of masters will be organized to manage welfare problems
- Digital platform will be created to link customers to pool of masters
- Every house will be treated as a customer of this business
- Growth strategy of business will be complete house repair and construction
- Further step will be to attract house owners to this business on monthly subscription based
- And with monthly subscription company sustainable income will be granted

With this business strategy we will try to cover all house and business owner's welfare problems and to bring relax/comfort to their daily life.

## **LIMITATION**

At the start point of research it is revealed that there not enough data for much accurate analyze. This is mainly due to lack of professional eco system in all economic areas and less analytical publications in open sources. There, very weak secondary data to analyze. But we reached mainly to primary data and some obtained secondary data allowed to come to certain conclusion about business plan.

The major limitations while studying business plan are:

- Business plan considered for Baku and start engine will be high income population regions

- In the questionnaire may be relevant and irrelevant biases where focus group opinions might not represent majority of people or may mislead to slight deviation from target market decision.
- In this business plan currency devaluation and high inflation rate is not considered.
- Due to construction boom in Azerbaijan and already established construction firms' investors may reluctant to invest to the business due to size and primary focus.
- In the survey result we completely relay to the honesty of the respondents.
- There also weak data to analyze market mainly due to lack of professional eco system and published analysis.

Certainly, there was no such a business in the Azerbaijan and cultural perspective of service management will be challenging point of over the period. Because, people used to deal welfare problems along them and there rarely faced persons who is ready to outsource it. Most part of the owners used to deal by themselves. Therefore, negative impact of cultural aspects of market to the business considering at the start point. But over the time it is my strong believe that, we will be able to broke this stereotype and to change market culture to trust professional companies' services while facing any type of welfare problems.

Another serious limitation we do expect a professional Multilanguage specialist in the labor market. This is not secret that, nowadays mostly not successful peoples in other areas (I meant people without university degree) are trying to become a masters. These types of people hardly manageable usually and this is considered as a major limitation while preparing business paper. Of course, company staff will be trained continuously but lack of fundamental knowledge's might be negatively impact to quality of company works.

## **OBJECTIVE OF THE BUSINESS PLAN**

While starting to draft this paper I was really in confusion, either do I need for such a long paper prepare, where I already have a plan and figures in my mind and just I have to enter to the execution. But if to remember case studies and successful business initiatives it is undeniable fact that, well prepared business plan is the key factor for success in the future.

“Not everyone agrees whether the entrepreneur should create his own business plan, some say business plans are necessary, and some say the concept is not much help and is outdated. While there are many arguments against using the business plan as a valuable tool for entrepreneurs, the business plan as a tool is also evolving.” (Morales & Weenk, 2014)

According to obtained theories from EMBA courses more accurate business plan is key for:

- To test the feasibility of business idea,
- To find best business model and best possible chance for success,
- To secure funding,
- To make business execution steps accurate planning and manageable in a more effectively,
- Final and foremost, to attract investors.

This is an excellent precursor to committing the time and resources to planning the implementation of the business and then presenting it for financing after the creation of a comprehensive business plan. The feasibility analysis essentially tests a business concept for viability in three areas:

- Product and/or service feasibility,
- Market and industry feasibility,
- Financial feasibility.



A feasibility study presupposes the business's desirability and your interest in this segment of the industry. (*Entrepreneurship, Starting and Operating A Small Business, Steve Mariotti & Caroline Glackin, 2016*)

Two factors influence the probability that particular people are able to discover and exploit opportunities:

- The possession of the information necessary to identify an opportunity and
- The cognitive style necessary to exploit it (*Shane & Venkataraman 2000*).

The foremost reason to write a business plan is to organize your thoughts before starting a business. Many of the entrepreneurs mentioned in this book wrote a business plan before they made a single sale. However, many if not most, businesses are started based on a concept in the founder's head. (*Steve Mariotti & Caroline Glackin, 2016*)

## **RESEARCH METHODOLOGY**

### **Research Strategy**

The research strategy starts with relevant background information collection from different sources. It is mainly for related but not competitive economic areas research to ensure the industry trend. There focus group chosen to collect information from apartment and private house owners, in parallel from different population with different income level. With questionnaire result it is aimed to understand population bias to use the services and their satisfaction from current status which they in.

**Data collection mechanism**

Data collected via different digital platforms, such as google jot forum, special excel files fulfillment by some part of audience who have a direct contact over mailbox and social platforms. Also, responses from private houses and random respondents in the streets collected.

**Questionnaire**

Surveys are designed to show a factual information relating to groups of people at a certain time. (Denscombe, 2010) Questionnaire provided in Appendix 1. Different questions were used to understand respondent's satisfaction, their willingness to use proposed services, market conditions and future growth potential of welfare services.

**Data analysis**

In order to emphasize business feasibility we must collect primary and secondary necessary data. The main data in this research is – number of flats in the planned regions. Moreover,

- average number of issues per flat/home,
- expected issue rectifier time,
- willingness to have a such services,
- requirements for masters,
- what additional services users would like to have on top
- Do they need for consultancy in their decision to purchase, design, repair, and construct their home?
- etc. questions will be among questionnaire.

Data will be collected via official government statistics web, social media, one to one interview with respondents, phone calls, personnel experience and master's experiences.

### **VISION, MISSION, VALUES**

World urbanization rate increasing very fast. According to <https://ourworldindata.org/> data by 2050 88.97% of world population will have urban life and Azerbaijan as well as world global trend will have urban lifestyle in majority. In last decade urbanization rate in Azerbaijan increased from 52.79% to 55.34%. This is clear indication about changes in nations culture and demand for new type of behaviors and relationship models.

*My VISION is, to become a major player in new circumstances for welfare services and in real-estate market.*

In order to realize the company vision, promise to take a **MISSION** *to become trusted partner for all proprietary owners to bring easiness to welfare and to enable clients to get their dreamhouse.*

Company will be specialized in home repair and proprietary services. Due to domestic culture and industry specific, usually family men members are dealing with all kind of technical problems in welfare. But with urbanization level of the country we intended to change this paradigm and let famine members of the family to deal with all welfare challenges. This is mainly due to new demanded culture, because urban lifestyle requires clear specialization to survive in competitive environment and all repair services ultimately have to be very esthetic. In future paragraphs we will identify demand in the market for such services but here just want to relay new demand for company values. In this case for company value recognition it is mandatory to highlight paradigm change for urban lifestyle. In order to enable famine members of the family to manage all welfare technical problems, company have following values:

- Trust
- Professionalism
- Customer centric
- Respect to people

Since company will be in real-estate and in welfare services market it is obvious that we will deal always with some kind of difficulties and urgencies. Therefore, I expect that company employees mostly will have to deal with peoples who is in difficulties and this require various competencies from employees and I think we have to develop company slogan.

Company **SLOGAN** will be like, “**RAHAT OLUN!!!**” (Be Relaxed!!!)

## **INDUSTRY ANALYSIS**

As stated in above chapters, there urbanization trends in the word is progressing and such initiatives are becoming more popular in urban areas. It is already very famous in European countries to specialize in specific areas and to perform works in high standards. It is obvious that is directly relate to people income level and demanded high quality life standards. As an example, we can show plumbing and gardener services in Netherland.




**24/7 Rioolservice in Drenthe**  
Uw Rioolexpert in uw regio!

 **085 - 432 01 21**



## Snelle en vakkundige Rioolservice

Heeft u een rioolmonteur nodig? Door de rioolexperts van riolering-dienst.nl wordt u vakkundig geholpen. Onze monteurs zijn goed opgeleid en hebben al vele jaren ervaring. Wanneer u te maken krijgt met een verstopping of ander spoedprobleem kunt u ons 24 uur per dag bereiken. 99% van alle problemen kunnen wij nog dezelfde dag verhelpen door onze goed uitgeruste wagens.  
Bel nu:

 **085 - 432 01 21**

### Waarom onze Rioolexperts?

- ✓ 24-uurs Ontstoppingservice
- ✓ Goede prijs/kwaliteitsverhouding
- ✓ Inspectie zonder hak- en breekwerk
- ✓ Deskundig en goed opgeleid personeel
- ✓ Advies afgestemd op uw wensen



Het water in de gootsteen liep al tijden langzaam weg. Dit bedrijf gebeld en ons Riool laten inspecteren en vervolgens laten Reinigen. Alles loopt weer goed door.

- K. van Putten

*Picture 1. Plumbing services in Netherland*

# de tuinspecialist | PJ Hazenoot

Home
The Garden Specialist
Portfolio
Contact

## The Garden Specialist

- Getting to know you
- Discussing the preliminary design/offer
- Planting scheme
- Execution of the work
- Maintaining your garden
- More information / Contact

### Getting to know you

When you hire us to be involved in your plans, we will start by making an appointment for an introductory meeting. We will discuss your wishes and the Garden Specialist will have a look at the current situation in your garden (location, accessibility, soil etc).

Of course this meeting is free of charge and without obligation. During or after this meeting, you can decide to have the Garden Specialist make a preliminary design for your garden, if desired with a corresponding offer.

### Discussing the preliminary design/offer

The Garden Specialist will make an appointment with you to discuss the preliminary design. It is up to you to decide whether this design

*Picture 2. Gardener services in Netherland*

There also new tendencies in CIS countries too, where different kind of welfare services providing from professional companies. As an example, “Муж на час” – in translation “husband for an hour” – service in Russia might be bright evidence to this trend. I personally like much Russian firms approach to the concept. The arguments to my support for Russian concept become from following thoughts. In modern lifestyle time is the money. It is undeniable fact that, in CIS countries the man is the main income engine to the family. By other words the man or husband of the family mostly dealing externally and woman in the family mostly dealing with family welfare problems. Naturally, women are the first instance facing with welfare problems. Logically, after detection of the problem’s woman escalating the problem to their husband and husband have to plan to eliminate problems. Therefore, in this concept – it carries a bit fun, while facing with some welfare problems woman have to call a service to eliminate problem and company will send “husband” (master’s) to eliminate the welfare problems. I personally like marketing concept much and advertisement most probably successfully hit the target. The service web given in below picture.

Picture 3. “Муж на час” – in translation “husband for an hour”

There also new tendency in Russia, where telecommunication operators who provides fixed line internet and phone services, they also decided to repair clients houses. This is demand become from clients not willingness to change their operators or to connect new services basically due to stupid reasons:

- The house owners don't want to destroy their interior to lay new cables or to install new devices.

To overcome this problem, telecommunication operators (МГТС Russia) decided to repair and clean clients houses. (<https://www.rbc.ru/rbcfreenews/5d4d18909a7947ef70be5b72>)

**Оператор начал оказывать услуги по уборке,  
а также домашнему и бытовому ремонту**



Логотип компании МГТС (Фото: Сергей Карпов/ТАСС)

**«Быстрее пыли, сильнее ремонта»**

На сайте МГТС появился раздел «Домашний оператор». В нем абоненты компании из Москвы и Подмосковья могут заказать электромонтажные работы, сантехнические работы, услуги по ремонту, установку бытовой техники, мелкий бытовой ремонт, компьютерную помощь, отмечается на сайте.

*Picture 4. Operator started to clean and repair client houses*

At this point have to note that, there same problem in the Azerbaijan too. Since most houses are new buildings (skyscrapers), the owners don't want to connect or change their operators simply for the same reason. It is also highly demanded and probably potential reason for market for welfare services companies.

So, as a conclusion to industry analyze following can be said prior to enter to following chapters:

- The world and Azerbaijan in particularly going to fast urbanization.
- Urban life style requires more professionalism and high-quality standards for welfare problems.
- There already matured market in European countries and new tendencies already started in CIS countries too.
- In Azerbaijan there, single initiative over last decade and this hints for the great market potential for welfare technical services.

## **NEED IN THE MARKET**

As a house owner I personally have a several master contacts in my phone. Masters are from different areas, because each problem type to be treated separately and masters usually are not universal to deal with all welfare issues type. By the way, in best cases we are keeping two or more master contacts due to absence or in case no success to reach or invite them to solve problem, else, you have to find another one as soon as possible. Because in most cases problems either are not tolerable or owners doesn't have a suitable timeslot to meet them in home to solve issues. This is really causing a serious collapse to house owner's schedule. The main reason for such collapse, because problems are happening suddenly and by nature it become an emergency. While interviewing with people and comparing other businesses – such as, food, delivery, taxi etc.- it



easily seen that people are bias to have a single point of contact and professional delivery for their needs. Since this market is almost free and masters are working only in individual based, this lead us for new opportunity in the market.

### **Current proposition to market**

Currently masters are working individually in the market. There some companies in the market dealing with repair works of houses, but they are doing complete renovation or construction and doesn't dealing with small pieces of problems of house. To tell the truth, owners in most cases also reluctant to outsource complete renovation of houses to such companies. As per my view this phenomenon mainly due to lack of trust in the market and not willingness of the market players to deliver trust to customers. Therefore, I think this will be mine add value to market to attract house owners and with quality delivery I will create brand image and trust to company in the market.

### **Objective**

Objective of this business will be to deliver – trust and comfort to house or to infrastructure owners with affordable price. With urbanization level of Azerbaijan people are spending to comfort and trust among our observation. The idea is - to cover owners all house needs from single contact. We do believe that with correct customer experience management all houses will be our clients and large audience will lead us to different business areas in growth strategy.

### **Market niche**

Market niche of this business will be flats in buildings. As per my projection business activity will be started from Baku and gradually will be extended to other big cities of the Azerbaijan.

## MARKET ATTITUDE, SIZE AND GOWTH POTENTIAL

According to questionnaire result 70% of respondents are ready to use professional company services in welfare technical issues. This is substantial hint to business planner to consider day zero so high market response factor. This can be interpreted as a proven fact for above saying market conditions where clients expect to get more professional services with guarantee and in a more professional way. This ratio will be considered in a business financial feasibility analysis. There high probability that remaining approximate 30% will be also potential clients with proper marketing activities and brand awareness in the market.

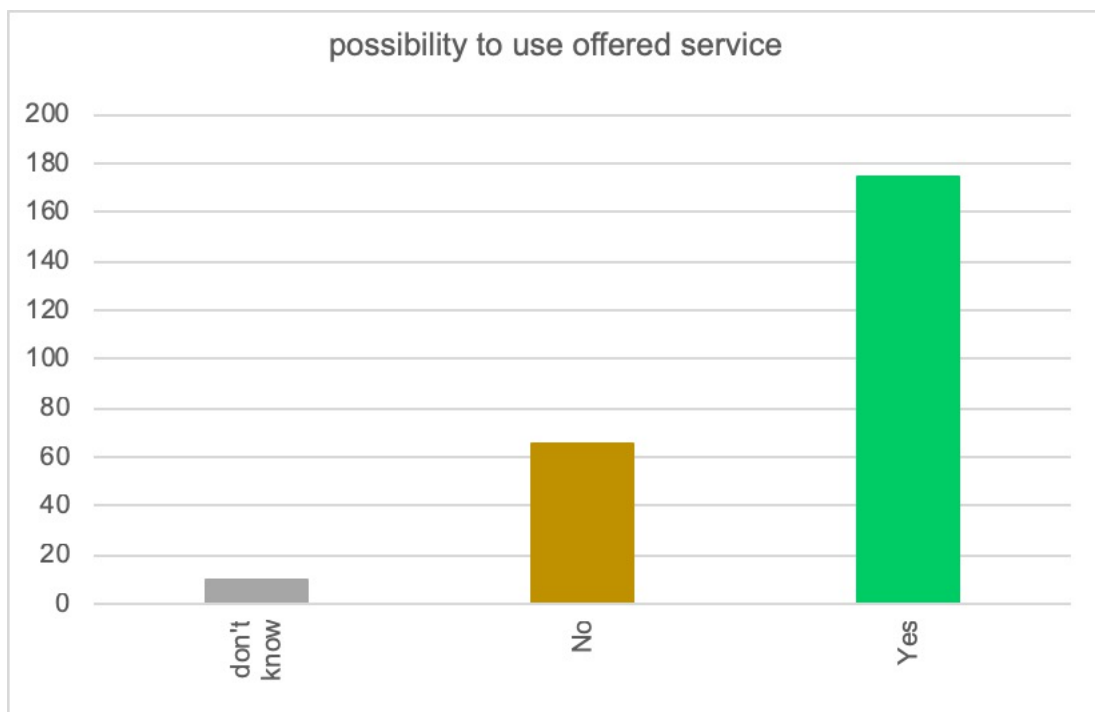


Figure 4. Service usage survey result

Guarantee for performed works also in a very low level. Almost 60% of respondents already say that, individual masters or other executors doesn't give a guarantee for their works. This is a great

chance to develop this factor further to differentiate services in the market and to use it as a competitive advantage against rivals. Response graphic given in figure 2.

Another substantial factor from audience response is – satisfaction from service fees. According to research almost 37% of respondents doesn't satisfy from service fee. But remaining 63% more or less are happy from current service fees and this is serious factor to consider while per request service fees assumption. Result illustrated in figure 3. Of course, service requests for different type of repair works will be classified and priced differently according to technical issues complexity, service promotion place population income level and market expectation for professionalism. In this survey respondent's satisfaction from current service fees considered as a risk factor for substitutions and really increase bargaining power of clients. This aspect will be considered in risk study of the business plan.

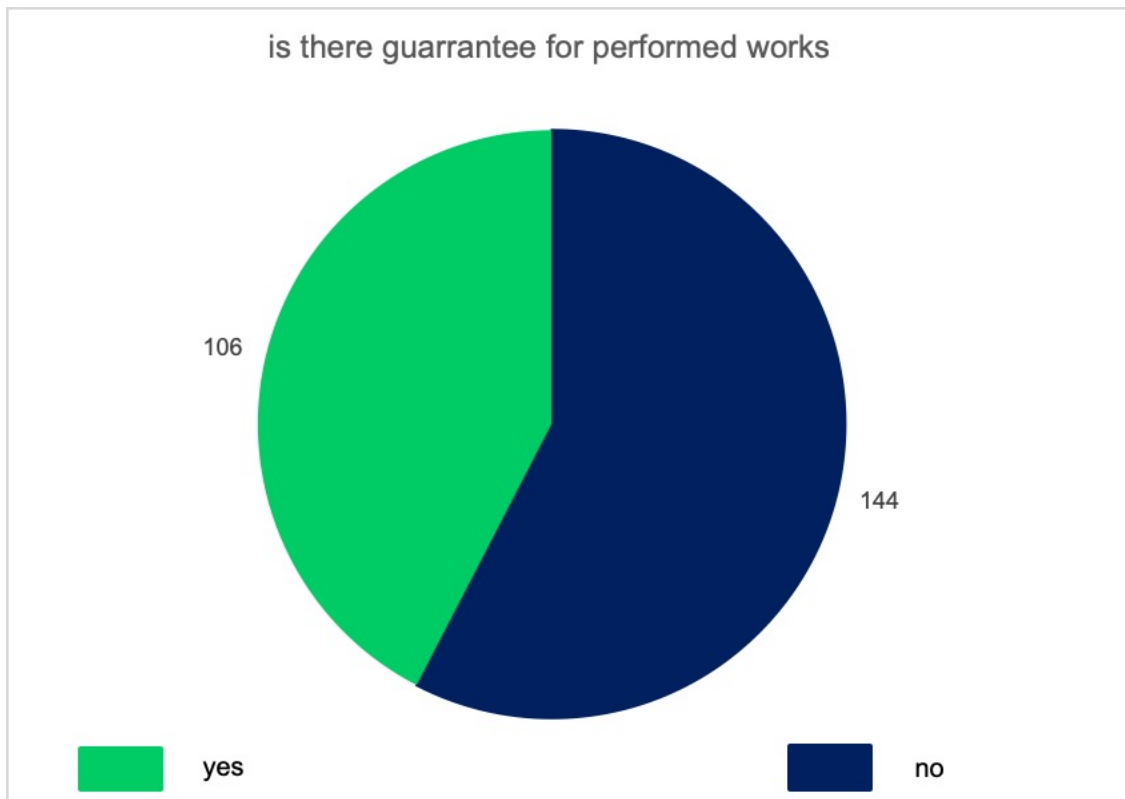


Figure 5. Service Warranty

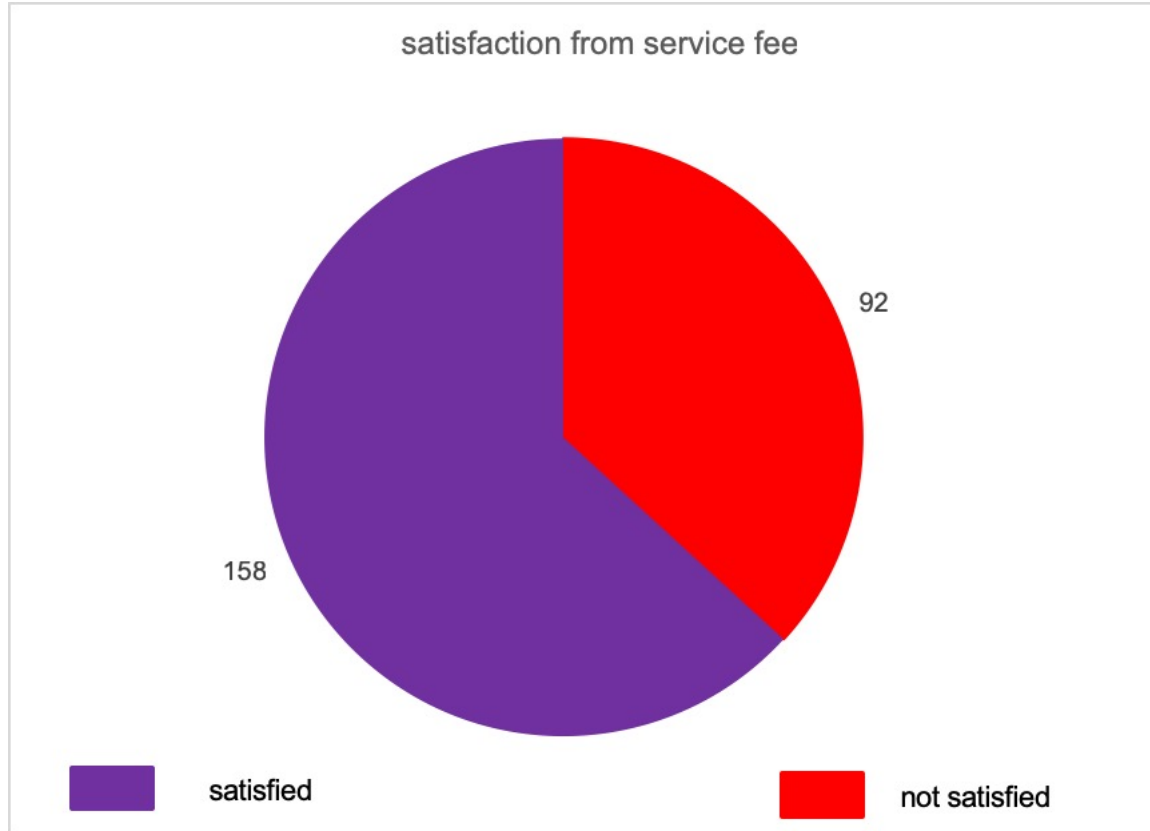
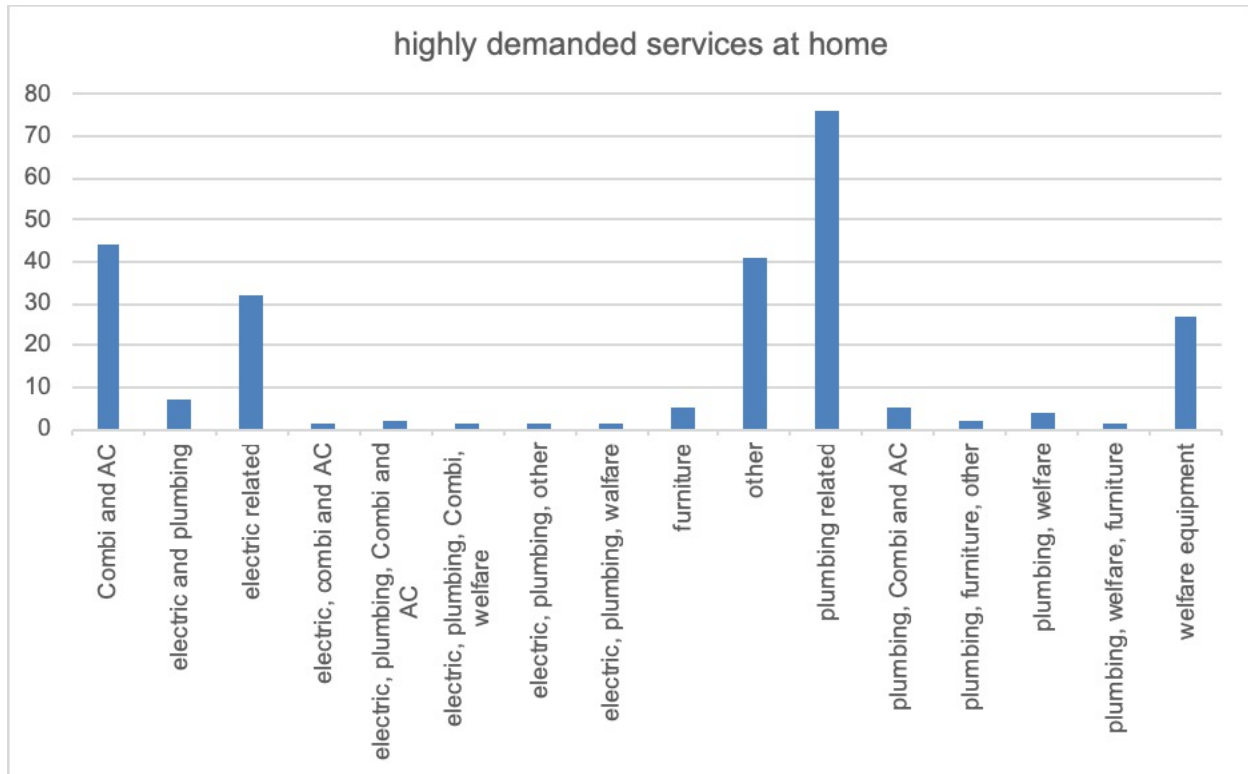


Figure 6. Service Price Satisfaction

Following to above statistics according to questionnaire response from market, frequently faced welfare technical problems were recognized and future company revenue stream will be based on almost those repair works. According to market response, there following frequently faced problems:

- Plumbing problems
- Combi and A/C problems
- Electrical works
- White equipment

- Another various repair works.



*Figure 7. Frequent Problems*

I strongly believe that this initiative will be very successful. The main factor for success is – the market is not structured yet and only one player just launched to provide similar concept. Additionally, no one give a warrantee to performed jobs and owners really getting into more complexity while facing with welfare problems. From other perspective there, no platform yet to link demand with supply. With bridging demand with supply via digital platform, easy payment integration (cashless transactions), quality delivery, providing complex and end to end solution we will bring innovation to the market. Number of flats in the targeted region (Baku city center and cityside) at first stage calculated based on info from state statistics web, from my personnel previous experience where we calculated data from high cluttered digital map. Calculated result

also correlated with amount of electricity and gas counters that obtained from relevant municipalities. Based on collected information below table will be used while business size calculation:

No	Economic Region	Number of flats in high raised buildings	Number of houses in cityside	Number of houses in rural areas	Total
1	Baku	425 782	260 245	251 000	937 027
2	Absheron	44 644	66 965	9 652	121 261
3	Gence - Qazakh	31 003	24 802	182 012	237 817
4	Sheki - Zaqatala	4 493	4 043	114 503	123 039
5	Lenkoran	6 455	5 810	173 742	186 007
6	Quba - Khacmaz	4 672	4 205	93 381	102 257
7	Aran	2 232	2 009	56 894	61 135
8	Qarabakh	5 538	4 984	115 079	125 601
9	Kelbecer - Lachin	1 522	1 370	54 535	57 427
10	Shirvan	2 840	2 556	54 477	59 872
11	Nakhchivan	3 603	3 242	86 185	93 030
	<b>Total</b>	<b>532 782</b>	<b>380 231</b>	<b>1 191 460</b>	<b>2 104 473</b>

*Table 1. Number of Buildings and Houses*

\*The table used from high cluttered digital map of the population penetration, therefore there might some deviation (around 10%) from real house amount.

In this table green marked economic region is the target region at first step. But within Baku economic region “high raised buildings” are the main focus area and success factor in this niche will be key for next regions and portfolio. So, at initial stage 425K flats will be target audience to cover with initial and further products. But Baku itself also divided into several administrative regions and they substantially differ per income level and lifestyle. In below table Baku administrative regions household’s amounts correlated with electrical counters from each address were given. Also, first priority targeted regions and households given in the table 2. Future

financial analysis for initial period will be referred to four Baku regions which is major administrative regions in terms of people income level and high raised buildings penetration.

Additionally, it's worth to note that government plan to replace old buildings with new ones and construction boom expected in central region of the Baku. This is completely overlap with proposed target audience at first step. The old buildings in high income regions will be replaced with new ones and there a lot of repair, design works opportunities will be in nearest future.

Moreover, with new development there also new business venues are expected to be open. With high quality standards and continues support organization B2B segment also expected to be an substantial part of welfare technical services business engine.

BAKU CITY & CITY SIDE REGIONS	AMUNT OF HOUSEHOLDS / CORRELATED WITH ELECTRIC COUNTERS	1st PRIORITY REGIONS HOUSEHOLDS
Xirdalan	94,028	
Novxani Baglar	34,824	
Qobustan	7,974	
Bineqedi	133,500	
Qaradag	46,206	
Xezer	102,444	
Yasamal	112,041	112,041
Sebayil	52,335	52,335
Nerimanov	81,475	81,475
Nesimi	84,026	84,026
Nizami	70,908	
Sabuncu	136,373	
Suraxani	90,061	
Xetai	125,798	
<b>TOTAL</b>	<b>1,171,993</b>	<b>329,877</b>

Table 2. Baku regions households

This amount is only for private flats where business infrastructure is not considered yet. Only private flats and homes can be reached up to one million. So, in first step approximately 330K households will be addressed, in 2nd step (probably this will be 2nd calendar year) other regions will be in target to cover with services.

**Concluding the statements:**

- there substantial amount of potential customers

As said above, there well urbanized area in Baku with high income level and they are considered as a niche market for planned services. In an addition, Baku other administrative regions also rapidly developing and they are expected to be among niche of the business.

- there no platform in the market to bridge demand with supply

With planned digital platform demand and supply will meet on the single platform. This will allow for more precise data collection, further analyze, instant market response and effective management. As in later stages of the business there subscription-based services planned and clients will subscribe to the company services. After come client base collection, this platform might be used as a proxy for other services too. The advertisement and promotion via platform will be possible. Some innovations, like interactive communication via application platform will be possible and it's my strong believe that, this will take business into different perspectives rather than pure welfare services company.

- Urban lifestyle and income level make such services necessary as much as possible.

Therefore, I think this business plan is feasible and highly probable to get success.

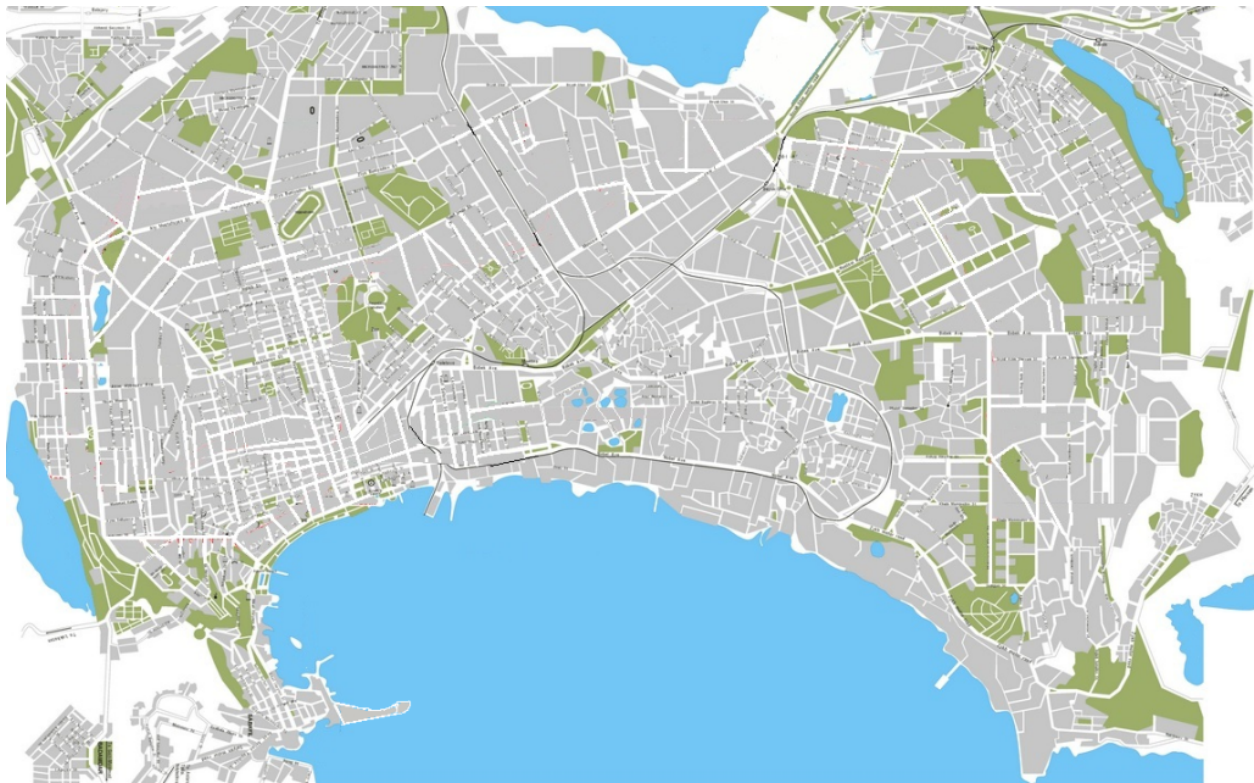
I think engine power of proposed business is urban style life and time deficit of the population for welfare complexity management. Time is money in nowadays and spent time for welfare problems



completely cost more than comparing expenditure for professional services that firms provides. Therefore, within ethic norms and professionally provided highly qualified services is the response to market needs.

### **COMPANY DESCRIPTIONS**

Company will be head quartered in Baku city and will have a four field branches in targeted regions for fast service delivery and to prevent time lost during traffic jam at first step. Moreover, filed branches will be used as a warehouse for spare materials and will be used for equipment repair in case of need. HQ and branch offices location shown in the below map. The blue one is HQ; the yellow ones will be field offices. Dislocation map provided in below figure.



*Picture 5. Baku and Company premises map*

The head quarter will be used for serious business and strategic partnership meeting with necessary business areas. Since this will be company face, it is planned to be in low traffic, more green and attractive areas of the city. In addition, it is not planned to be an expensive place but really attractive and easily accessible region. Therefore, head quarter planned to be not in expensive region of Baku, but as much as possible in city side, mostly green areas. From first glance it's planned to be in 6th micro region in "ZEYTUN BAGI" area. Field offices planned not to be more than 40 sqm but especially garages in high dense urban areas. "Garages" will bring specific meaning to the business considering current high-tech companies at beginning stages. I strongly believe that, those companies' story will give big motivation for company employees and to external stakeholders too. Story in brief given in below picture.



*Picture 6. High-Tech beginning and latest premises*

This approach for field services premises pass message to the market with association in mind for provided services in comparison with apple, google and amazon services quality. The approach will be closely considered while ads preparation to associate service quality with giant's quality. Field offices "garage" strategy will be constantly followed with company growth. On other areas the same concept will be kept.

For full overview of the company details, CANVAS business model used to show entire company details.

<b>CANVAS</b>				
<b>Key Partners</b>	<b>Key activities</b>	<b>Value Proposition</b>	<b>Customer Relationship</b>	<b>Customers</b>
Material Suppliers	Repair	Online Payment Transparency / Detailed invoices with BoQ	Personnel Assistance	Private houses & flats / B2C
*Transport Companies	Design Construction Proprietary services	All in ONE/One stop shop concept 24/7 support Digital Platform/ Online Scheduling	Atomated Service	Business venues / B2B
	<b>Key Resource</b> Scope managers Masters Marketing staff		<b>Communication channels</b> Phone App Email F2F Meeting	
<b>Cost Structure</b>	Rents HQ & Field Furniture Cars Tools Call Center Technical Delivery WEB & App Developmnet Clothers IT Equipments		<b>Rev Stream</b>	Repair Services Design (Interior / Exterior) Construction

Picture 7. Canvas Business Model

Note: Brown indicated items are considered to be in product portfolio at 2nd and 3rd stage of the growth plan. Let's remember that property business also within our vision and ultimate growth target to get major player in property business in the country.

According CANVAS business model, following resources need for business rollout:

**Key Partners:**

Material suppliers and transport companies will be potential partners for proposed business plan. Such as, we do not intend to invest to materials while used in home repair works and they will be supplied from wholesalers. Complete used materials will be off set each month with suppliers. This will be beneficial for company from cash flow management point of view and according to initial discussions with some materials wholesalers, they also look as an opportunity to the proposal.

**Key Activities:**

Repair, design, construction works is the key action for HRPS company. Company will have own staff of masters, designers, construction engineers etc. Market standardization through quality improvement for affordable cost are the main object of proposed business. All staff activities surely have to work to develop company values in the market. Company values will be key differentiated factor in the market and will work for competitive advantage. Company key activities have to focus to develop following aforementioned values in the market:

- Trust
- Professionalism
- Customer centric
- Respect to people

**Key Resources:**

HRPS Company will treat all scopes as a separate project management. Therefore, scope managers are among the key resources of the company. All project managers will be responsible from company profit and loss.

Company marketing staff also among key resources to attract customers to business and image maintenance for trustful interaction with market.

Company masters also the key resources of the business, their interaction and behavior with clients among crucial things that company have to track.

**Value Proposition:**

Being a single point of contact for all type of welfare issues over 24/7 support and quality is the value of HRPS to market. Strong operations plan will deliver continues support to the anytime raised welfare problems. But quality standard will be undeniable value proposition to market.

Another value proposition to the market will be online payment for services. Such service is not providing to the market in service domain widely. Some services in the service centers are providing cashless operations, but in customer premises similar service is not live yet. Let's remember that high income population already used for cashless transactions and definitely will prefer to pay online.

Detailed BoQ providence to client definitely will establish transparent relationship between company and client. Used materials planned to be obtained from wholesalers with details bill of quantity and will be charged to client transparently. So, client may compare the prices and quality of materials for market analyze and future orders.

All in one / one stop shop concept definitely highly seeking value to the market. As in current market propositions their single service providence is dominating and house owners have to seek to different masters for different type of problems. But with sole contact house owners will simply solve their all type of welfare problems.

The high value proposition to market will be digital platform where customers will have online contact to company and personally will be able to schedule a request for services. This will be like “UBER” concept to order the services.

**Customer Relationship:**

Customer relationship will be managed by personnel assistance and face to face meeting with clients.

**Communication Channels:**

Customers will be supported over phone, social media, specifically designed APP.

Company will have an android & iOS application for gadgets, so market interaction will be simplified too. Those communication channels will be integrated to centralized call center and better communication management will be organized.

Social media will be comprehensively used to promote company services to the audience largely.

Door to door communication via special designed brochure will be used to convey company services to targeted market.

**Customer Segment:**

Company customer segment will be flats in high raised buildings in Baku city and some special areas in the cityside. Cityside customers surely will be high income segment to maintain quality level desired to deliver to the market.

**Cost Structure:**

Company cost structure will be consist of from following items:

- Tools
- Cars / Transport
- Call center and WEB/APP development
- IT Equipment
- Clothes
- HQ and field furniture
- Special regular trainings
- Other administrative expenditure

**Revenue Stream:**

At the starting stages company will be earning money from repair works. Timely design and construction work also will be among revenue streams.

**COMPANY ETHICAL CONSIDERATION**

For a business, ethics are individual and organizational moral principles applied to actions and issues within the company context. To create an ethical organization, the values and standards of conduct must be clearly and broadly understood and accepted. Each substantive decision has an

ethical component, although sometimes the right thing to do is so evident that many choices are virtually automatic. (*Entrepreneurship, Starting and Operating A Small Business, Steve Mariotti & Caroline Glackin, 2016*)

HRPS Company is determinant to operate within ethic norms, honest, reliable and quality focused company. Company will use reliable partners, best quality materials within accepted market price. Company definitely will take care about their employees. “*Client do not come first. Employee come first. If you will take care of your employees, they will take care of your clients.*” (*Richard Branson*). As mentioned in CANVAS business model, employees are the key resource of the company.

In order to establish and maintain highly ethical firm, there will be set of code of conduct applied to the business. This will start from relationship within company between employees, between management and employees. Then the norms will be transferred to employee and client relationship. There also special dialogue structure and dress code will be used while interacting with clients. Special hygienic rules will be followed while working in client premises. HRPS intended to bring new standards to job market and to differentiate with its professionalism and ethics in the market. Company will treat all clients with respect.

HRPS also will comply to labor laws completely, provide social security to the employees. No discrimination to employees and clients will be applied.

Special ethic committee will be established to develop company internal codes and to dispute raised ethical issues during business operations.

Company surely will obey to all government licenses and rules.

HRPS will be in close contact with house owners and clients. Since, business operations will be completely run over digital platform, there will be client data base with much of details and



allowed taken picture. Also, with online payment mechanism clients bank card information also might be among client data base. HRPS company will treat client information very sensitive and strict information nondisclosure agreement will be followed. Client data base will be strictly used for company marketing and sales planning.

## **COMPANY LEGAL CONSIDERATION**

HRPS will be Limited Liability Company. Company will be acted under supervisory board and under company shareholders. Authorized capital of the company will be divided into shares. Shareholders will get the share of profits, as dividends and amount of share will be based on company profit. Company management will be responsible from company profit and lost. Company will have its own assets and responsibilities.

Welfare service activities doesn't have a regulative framework. Therefore, there no need for a special license. But company completely will obey to labor codecs.

## **COMPETITIVE ADVANTAGE**

### **Porters 5 Forces**

For business plan viability two tools will be used to ensure company competitive strength **in the market. The first tool will be Michael Porter five forces tool given in figure 5.**

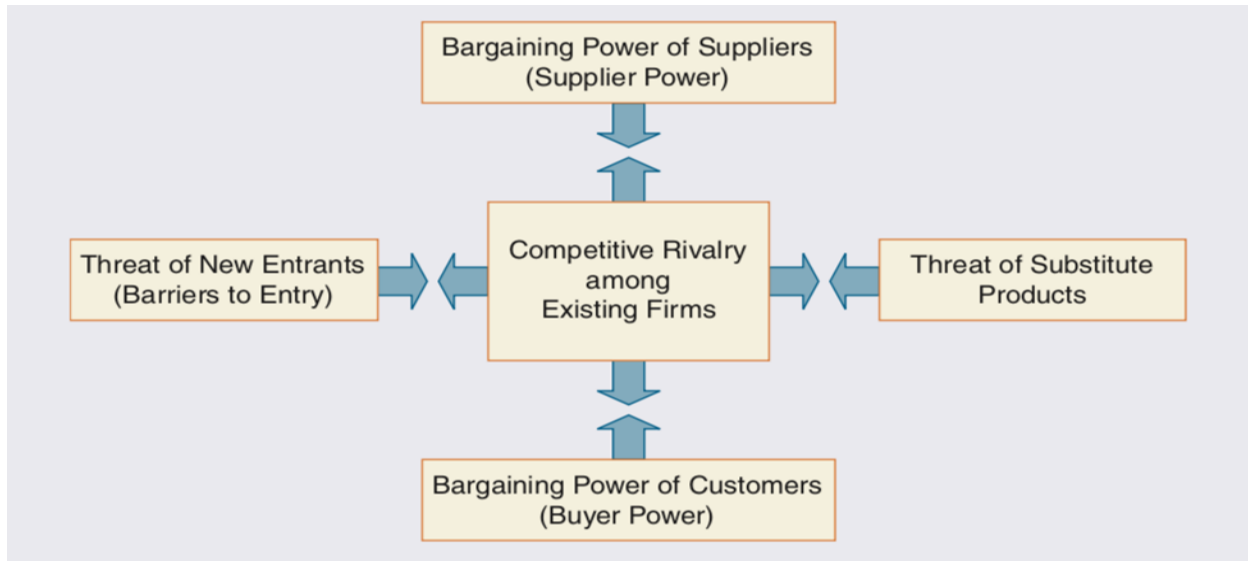


Figure 8. Porter's 5 forces tool.

According to tool following five powers will analyze given in below.

### **Competitive Rivalry Among Existing Firms:**

In industry analysis chapter it was shown that there no established firms in the market to supply demanded welfare technical problems solution services. This was either established then bankrupted or there was no initiative to at all in this domain. There was no any information on the web about established rivalry, the only e-commerce sites where masters promote their individual services. I think individual masters will not have enough power to compete with structured service company to deal with all kind of welfare technical problems on expected quality level. Additionally, individuals mostly are available on working hours and very reluctant to work on holidays and non-working hours. Our specialized masters always will be on higher educated level in terms of soft skill, behavioral patterns, with necessary advanced tools and continues customer support. Therefore, I think existing rivalries will be less powered comparing to established, structured, continues customer management organization.

**Bargaining Power of Suppliers:**

The suppliers of this business will be raw materials and ready spare part wholesalers and probably transport companies like taxi companies. From business nature it is obvious that suppliers are interested to increase their sales and this is an additional opportunity to them to sale materials. From other perspective our company will produce services rather than tangible products, which is automatically change the power balance to benefits of service supplier. Considering above arguments, I think new company will have bargaining power on material suppliers.

**Bargaining Power of Customers:**

This is a real challenge that we expect company have to deal. Because customers have always an alternative to switch to existing rivalry. In order to manage customer Expectations Company, have to deal with continues quality competition with individual masters. Because with quality increase in this market also will impact to other master's quality level as well. But here tiny difference with individual masters is, individual mater's will always deal with single type of welfare problems, but our company will have range of services to provide to householders, which will enable owners not to deal with complexities. Therefore, company masters (which identified as a key company resources) will always act as a company marketer to clients too. Since our ultimate target to get clients into subscription to the company, we will run continues campaigns to bind clients to company with some discounts to design and construction works.

**Threat of New Entrance:**

There no special barrier to entrance to the market. Since there no special licensing mechanism to similar technical professionals and regulation in the market, it is easy to enable similar services in the market. Therefore, “new entrance” threat always will be valid to the business.

**Threat of Substitute Product or Services:**

Substitution factor for offered services to the market is, individual masters services for similar works. This factor has relation with customers bargaining power management. The desired competitive advantage will be main factor to deal with all threats and bargaining powers in the market.

**COMPETITION ANALYZE**

This service area mostly occupied by individual competitors and masters are working individually in the market. It is high time to note that, in country previous time, during USSR regime, such specialization areas had a special college, where students studied theoretical fundamentals of each profession. But after USSR time, almost in all CIS countries such colleges are closed and people started to learn professions by themselves. Youth people usually get learner by professional masters for a long time and they get familiar with required competencies mechanically. In fact, this is not enough to manage all complexities in real life and new generation mostly are not much enough professional to deal with clients and welfare technical complexities very much. Therefore, there general dissatisfaction in the market from individual masters and from their professionalism. This is also proven from questionnaire surveys and from surrounding people discussion in person. Therefore, business opportunity recognized to establish a professional service

under legal entity. Moreover, individual masters don't give a warranty to performed works and don't support continuously their clients. Which we identified as current market major gap.

Here to note that, there several e-commerce platforms in the Azerbaijan. Such as, [www.tap.az](http://www.tap.az), [www.ucuztap.az](http://www.ucuztap.az), [www.lalafo.az](http://www.lalafo.az), [www.tezsat.az](http://www.tezsat.az), [www.evalqisatqisi.az](http://www.evalqisatqisi.az) etc. this internet sites already contains electronics advertisements. Individual masters are giving their ads there with their contact information.

Individual masters also use their social platform addresses to promote their services too. it depends from their social networks and their professionalism in the social applications to promote their services.

Current proposition to market has significant gap, which both methods doesn't carry feedback channel from market about provided services. Therefore, in most cases clients ordering services without ensuring masters professionalism and at the end, they get dissatisfy from performed works and master's behavior too.

In recent years there is an initiative to structure this market and some domestic entrepreneurs started to gather all possible welfare services under professional legal entity. Unfortunately, we get only below link while searching in the internet for professional services. [www.bashusta.az](http://www.bashusta.az) internet page is the link, we do see links in [www.facebook.com](http://www.facebook.com) and in real searching engine the web link appeared professionally. From internet page it looks very professional it really worth to order a service to this company. The page also contains feedback channel and their positive feedbacks in the site for performed jobs. To tell the truth, I was very proud from company that started to business in the Baku and it was high time to run the business in the capital to overcome capital lifestyle demand. Company fb page given in below picture.



Picture 8. Bashusta.az Facebook page.

As mentioned in previous chapters, there tendency in CIS countries for welfare services management as established company and it already take a place in Azerbaijan too. This also hint us to decide for a business strength. With time elapse I do believe firms professionalism and qualification will compete seriously against individual masters and structured approach to market will be much more competitive than single attack. There also were some initiatives to attract this kind of services to taxes to increase government budget income. Most probably in near future government will take some initiatives to certify master's qualification for consumer rights and risks protection. Then such firms' services will be much more demanded. Certainly, HRPS services will be in high quality standards and code of company will be among key differentiator

factors and we believe to the success of proposed business model. In an addition, key competitive advantages given in canvas business model will lead to success of the company.

## SWOT ANALYZE

For company strength understanding SWOT analyze were conducted. Analyze details given in below table

<p><b>Strenght</b></p> <ul style="list-style-type: none"> <li>Structured approach to market</li> <li>Digital platform to bridge demand with supply</li> <li>Easy management of complexities</li> <li>High standards for personnel and QA for performed jobs</li> <li>Single point of contact for all needs</li> <li>Value proposition to market</li> <li>24/7 support</li> </ul>	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Reluctance of owners to deal with complexities</li> <li>No similar concept in the market yet</li> <li>Reengineering with customer DB in future for new businesses</li> <li>with customer loyalty possibiltiy to extend portfolio</li> </ul>
<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Lack of digital platform at 1st stage</li> <li>No lessons learnt</li> <li>Lack of marketing experience</li> <li>competition with individual masters in 1st day</li> <li>Customer DB for intelligence</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>devaluation</li> <li>unpredictible regulation of this labor market</li> <li>Probability for masters not willingness to cooperate</li> <li>new entrants</li> </ul>

*Table 3. SWOT Analyze*

### **Strength:**

Absence of similar company in the market might be considered as a strength factor for the company. Company establishment means structured approach to the market and better mobilization to reach to the success. Additionally, all business operations and demand-supply sides

will be managed through digital platform. This will be key enabler for further market engineering. Special uniforms, clothes and structured operations also will be key differentiator factor which definitely to be considered as a strength factor to the company. Complexity management also can be considered as a strength factor to the company. On top of that 24/7 support to all kind of welfare problems is another value to market.

**Opportunity:**

In the motivation part we already recognized the need to the sole entity to deal with different kind of welfare problems. This is mainly due to reluctance of household owners to deal with complexity, timing problems to manage masters and owners' timeslots to eliminate problems and lack of trust and expertise to deal with all issues. Certainly, this is serious opportunity to catch in the market.

**Weakness:**

Weakest point for this business plan might be lack of expertise in this domain, which aimed to close the gap via hiring professional project managers, who will be able to be responsible from company P&L. following to such hiring, project managers annual bonuses will be linked to company performance and as much as company performance, amount of managers benefits will be more. Up on agreement and initial financing terms, project managers also might be considered as an equity share owners of the company too.

Another weakest point is, company will start to compete with individual masters in the market at the beginning.

Customer and market DB absence also can be considered as a weakest point. This is expected to be close with daily business operations.



**Threats:**

Since there no regulation for similar services in the market, new entrances always carry serious risk to the business. This is undeniable factor nowadays and competitive advantage against new entrants have to be fully used.

Devaluation of the money also carry serious financial negative impact to the business.

Unpredictable market regulation might be another threat to the business too.

**ORGANIZATION & MANAGEMENT**

The people you hire and the processes you plan to implement will be an essential part of your business plan. This is where the rubber meets the road in the planning process. The management team is often the deciding factor for a potential investor's decision to financially support a business.

(Steve Mariotti & Caroline Glackin, 2016)

**Operations Plan****Working hours**

According to service businesses nature service provided companies have to be adapted to clients best convenient times. Surely there will be on call or duty schedules for 24/7 support of service provided regions but according to market domination working hours will be tuned to serve best quality to the customers. According to official rules employee cannot work more than 162 hours per calendar month. This limitation also considered in sales increased forecast to be within legal limitation. According to labor rules each person should work 8 hours per day and employees working hours will be established according to 8 hour per day. It is not mandatory to start working

hours as usual 9 Am in the morning and to end at 6 Pm at the evening. This schedule will be flexible and will be managed based on agreement with clients. Initial planned working hours will be between 11 Am – 8 Pm per day. There also will be possibility to schedule a flexible working hour based on technology which will be discussed in technology chapter.

### **Technology Plan**

In this chapter we will discuss company technology plan to digitize operations end to end and necessary tool procurement to serve best customer experience.

Unfortunately, there no room to purchase second hand tool box and plumbing, A/C, heating etc. tool in order to save initial costs. Since, starting targeted service regions are high valued and high-income population areas, it is required to have a brand-new technical instruments and special uniforms to response client expectation for quality of services. It is obvious that, perception start from first experience. Diagnosing and problem elimination have to be in a possible minimum time frame with high quality. Therefore, master's tools have to be highly calibrated with more precise accuracy to overcome company quality standards.

In order to digitize entire company operations, company enterprise management, clients and master's application development among highly demanded technologies. Therefore, we plan to have a WEB and gadget applications development in initial investment plan. By this tool deployment and with their integration to call center tools, company will have a centralized customer data base for better customer experience management, future campaign engineering and for better knowing of company clients. WEB application will be enterprise management tool where, all resource and inventory will be recorded and manager from sole source. This tool also will allow to plan master's occupancy schedule for customer tickets handling. With ticket management future of the tool, company will be able to track approximate request handling time,

master's performance, operations optimization, processes tuning etc. This tool will be among company's key assets where in future planning to be integrated to other company's enterprise management tools too. Following features planning to be among company WEB tool functionalities:

- Integration
- Automation
- Data Analyst
- Reporting
- Customer Relationship Management
- Accounting
- Tracking and Visibility

Enterprise tool will have a special application for gadgets. Here to note that, android and iOS applications for master's and clients will be different. Master's application will be used for company operations automation and easiness of tickets handling. But client's application will be used for customer data base collection, service satisfaction rating, different type of campaign promoting and as a tool for audience communication.

Company call center tool functionality will be customer support and clients tickets handling process realization platform. Call center tool will not be necessarily high-class brand but from functionality point of view have to deliver necessary expectations.

### **Business Location**

As mentioned in previous chapters company will have HQ for company management premises. This is needed for business partners meeting and strategic alliances establishment. Field offices

need for master's dislocation, field warehouse allocation and to reach to client's location as much as in nearest time. As in initial phase 4 regions planning to be covered in Baku city and those filed offices planning to be in high dense population areas, where probable that many tickets expecting from those areas.

Here highly need to note that, equipment for repair services will be obtained from reliable sources, where guarantee for quality will be given. As mentioned, quality and professionalism is the key factor for success. Therefore, along with equipment professional masters to be attracted to the business too. Despite that, for master's qualification we will touch in HR plan, but here some notes will be valuable to give. Masters psychological condition will be tested by professional corporate organizational developers and only after their approval, candidate will pass to next level qualification assessment. As known, for best performance delivery following three components have to be in place:

- Attitude
- Competence
- Skills.

From organizational behavior module we learnt a lot about personnel behavior. Unfortunately, corporate development initiatives in most cases focused to employee's competence and skills development. But personal attitude in most cases leaving out of focus and drastically impact to company quality and performed jobs.

At second step master's competence and skills will be assessed by professionals and only with mentioned three attributes delivery, the candidates will be employed.

## HR PLAN

### Company Structure

Company structure given in below.

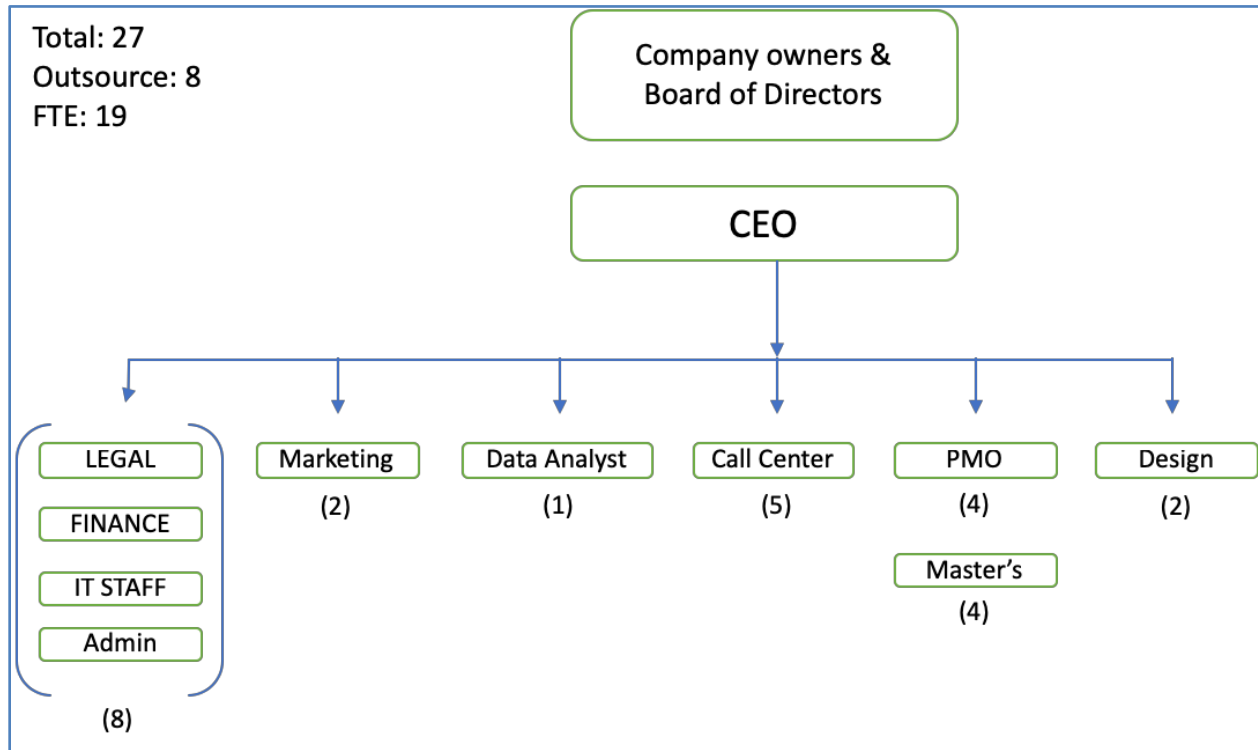


Figure 9. Company Structure

### Human Resources

Company will consist of 19 full time employee (FTE) and 8 outsourced staff. Total amount of headcount planning to be 27 people. Each of people will have clear roles and responsibilities to perform their duties.

Company CEO – in order to fully dedicate focus to new business a person will be hired for company management. CEO will be clearly responsible for business establishment, its growth, necessary processes establishment and management, company overall P&L responsibilities, hiring

and firing staff. CEO also will be responsible to provide necessary feedbacks to company board of directors and implement clear guidance from BoD of the company.

Company owners and Board of Directors – they will be ultimate responsible from company management. Hiring and firing of the CEO, company strategy decision and from overall company performance.

### **Outsource Staff: (Legal, Finance, IT, Admin)**

Legal – company will have legal support from outsource on clear contractual obligations to defend company interest legally. Legal resource will guide company CEO on all legal issues and perspectives to adjust internal and external decisions according to commonly accepted legal frameworks. Legal staff also will represent company on court cases, in case of further needs.

Finance – in order to keep company expenses less at start phase, finance function also will be delivered from outsource. Financial reporting, budgeting, expense control will be among staff key responsibilities.

IT Staff – will be responsible from developed application, call center support and company staff ordinary IT equipment support. There are a lot of ICT companies that provide similar services to companies, which ICT activity is not the key purpose. Therefore, it is highly effective to get this service from outsource.

Admin staff – will be responsible from company premises cleaning works, necessary support for furniture and stationary providence. Since this is not the main purpose and occasionally needed, this also beneficial to get admin services from outsource too.

Marketing – this staff will be ultimately responsible to develop and manage marketing & sales activities in the market. Digital and handbook promotions, door to door marketing, feedback

collection, services and products competitive assessment, sales forecasting, reports analyst, new client's attraction, brand awareness, feedback to company strategy will be key activities of the marketing staff. They identified as a key resource in canvas business model and special attention to this function while hiring will be dedicated. According to above requirements, marketing staff salaries also will be adjusted separately than market prices.

Data analyst – this resource will analyze all data from operations on daily and weekly basis to track market and client's behavior. As all decisions have to refer to tangible evidences, data analyst will carry crucial role on business operations.

Call center staff – they will be on duty schedule to support clients inquires as first line support instance. Their main duties will be to get in first contact with client, to identify their welfare problems, to register client's tickets/requests and to assign master in nearest available timeslots.

PMO- all repair works and new inquiries will be treated as a separate project. This is highly needed for company expense control and quality delivery to the market. In fact, all heavy operations will depend from PMO's actions quality and accuracy to keep promise to market and future growth potential in proprietary business. PMO staff will be highly qualified in welfare repair works and master of plumbing, A/C, heating, white equipment and in civil work domains.

Master's – this is the staff who is executing repair works in the field. This staff will be hired by project managers. It is planning to be younger ones and continuously trained by project managers. Master's and project managers will be the company faces in the field and marketing activities will be followed by masters with their behaviors in front of the clients. Their professionalism, body languages, ability to speak in three languages, uniforms and flexibility shall convey company values to the market.

Designers – this staff is the image and value carriers of the company. Designers will be highly educated, highly skilled in computer programs, very enthusiastic to create and common product together with client and very motivated in communication with the customers. Therefore, for future company expect serious growth potential in design and construction works.

### **Customer Support**

In the service domain customer is the king. They are the engine of the business. Thus, customer support and best customer experience will be the company core focus. Customer experience will be delivered via professional services in the client's premises, experience call center agents, highly motivated and experienced project managers. Timely, randomly selected customers will be hosted in the company headquarter and special publications over the market communication tool will be broadcasted to the audience. Outside the regular customer communication, company will be in touch with market over social media, company application that will be available for android and iOS to promote company news, suggestions, campaigns, information and suggestion.

## **MARKETING PLAN**

### **Strategy Overview**

The modern businesses turn into mostly network of relationships, equally to focusing to company portfolio and its internal dynamics, where all members of network get benefits in terms of productivity and quality. Therefore, marketing activity is a vital tool to build network around company, to reach the target niche, to build and maintain company brand and image, to increase market share gradually and ultimately to serve objective of the business. A clear marketing strategy



will lead company to delivery its objectives surely. Marketing strategy of the company will have nine crystal clear strategy to follow:

- Brand building,
- To bring business online,
- Social media marketing,
- SEO (search engine optimization) advantage usage,
- Online directories registration,
- Clear advertising strategy,
- Building relationships with related but non-competing businesses,
- Free of charge Information and Knowledge giving to customers,
- Corporate social responsibility.

### **Brand Building**

It is unambiguously clear that company brand is different that company portfolio or industry specific. The company branding is – how company want to be perceived by audience with its brand association. Company portfolio consist of physical object, premises, services, online businesses etc. But brand name is something launched in relation company products with association of company values in the minds and become a representative of the company. The key aspects of the branding is, to choose logo, color, slogan, symbol, packaging design and other differentiating attributes. The brand should work to customer awareness and loyalty. Company logo will be as in below picture.



*Picture 9. HRPS Logo*

### **Company Name**

HRPS – is the abbreviation of “home repair and property service”. It is aimed to associate company name with its products, which provide home welfare repair services and have a target to enter into proprietary services. Company will have different approach to real-estate market with comprehensive proprietary data base, with necessary bank and lowers support to make easy decisions for buyers. Moreover, purchased houses design and repair services will be proposed as a package to the market.

### **Company Slogan**

Company slogan will be – “RAHAT OLUN!!!”- means “be relaxed”. Slogan used to describe and advertise the company with set of words.

## **Company Color**

Blue color chose to symbolize the company. It is known that blue color associate with trust, dignity, intelligence, authority, peace and infinity. Additionally, blue color is the most preferable color by all people. ([www.colorsmatter.com](http://www.colorsmatter.com)).

## **To Bring Business Online**

It is obvious that repair, construction and proprietary business is the off-line businesses. But the thing is, nowadays almost all people become an online. In order to get their attention and to help them to decide for service purchase, company have to have well designed web site. WEB site is the first company interaction with market. Company potential clients are surfing in the internet and spending most of their times on social sites. Therefore, it is mandatory to use digital ads to reach the market. WEB site will give full information about company portfolio in a professional way with contact details of office to let clients to get in touch with company offline.

## **Social Media Marketing**

According to William Davidson Institute – almost 35% of Azerbaijan population using the Facebook social application. This is 3.4 million people over 9.8 million population, where major part of users are in urban areas. Let's remember that company niche target is in urban area and it is obvious that company have to deal with social marketing in different social platforms. Social platforms will be used to post meaningful pictures, cites and direction to company WEB site. The main purpose of the social media marketing is to build brand awareness in the market, trust to the company and sense of transparency in audience mind.

**SEO (search engine optimization) advantage usage**

Search engine optimization basically to direct internet users to company WEB site and give an ad's for client needs searching in the internet. For this purpose, we need to know industry keywords and client needs perfectly. Because, useless contents and ads may harm audience attention and may work against the company objective. Company planning to have a digital marketing staff in their headcount to digest market needs and promote company services digitally.

**Online Directories Registration**

In order to attract serious clients and B2B segment, company have to register its details in online directories. Because, usually clients are searching in the directories for needed services for professional companies. While searching in the internet for best service providers, the search engines provides directories names rather than individual company names. It is clear now why company have to register its details in the directories.

**Clear Advertising Strategy**

Company doesn't plan to overwhelm market with it is unstructured advertisements. It is clear that, it may distract company image in the market. Company will timely advertise it is strong competitive advantages over the ads to attract target audience. Billboards over highways and high dense population areas are planning to be best locations for advertisements.

**Building Relationships With Related But Non-competing Businesses**

Marketing activities will create trust in the client's mind but additional references with non-competing business will positively affect to client's decision. This already mentioned in canvas

business model in key partners section. Company key partners suggestion to the market about professionalism and credibility will positively affect to business growth.

### **Free of Charge Information and Knowledge Giving to Customers**

Customer always tend to get something for free, this is mentally applicable to all businesses and here we also consciously accept to impart some information and knowledge to client for their easy decision to our company. This will be during face to face meetings, some complex works videos over company social or streaming channels. Some small staff repair works videos will help to customer to be done by themselves, but they feel confidence when they face something big to be done in welfare or on their other premises. Streaming channels subscription via visitor's mail address will help to company to advertise about new staff and to keep offline communication to the market.

The creative art of selling is teaching the customer how the features of your product or service are benefits. Inexperienced salespeople make a common mistake: They think telling the customer about the features of a product will sell it. But remember, a customer who buys a drill does not need a drill; the customer needs to make a hole. (Steve Mariotti & Caroline Glackin, 2016)

### **Corporate Social Responsibility**

Ethics, corporate social responsibility, and social entrepreneurship are three related topics that are often conflated. Corporate social responsibility is the ethical obligation of a company to its community. (Steve Mariotti & Caroline Glackin, 2016)

Company social responsibility will be considered during business operations. Surely company have to be perceived as a good company and management also have to be accepted as a good

person to build credible image. It is in company focus to build professional expertise image in charitable welfare service and construction domains.

### **Marketing Mix**

The marketing mix is the set of actions that a company uses to promote its brand or product in the market. (Kotler, Marketing Management Millennium Edition, 2000) This is named as four P's, which means product, price, place and promotion.

A description of how you will reach your customers and your anticipated sales volume brings the opportunity and research discussion to the bottom line of sales. Your marketing mix will be the combination of the four factors (the “Four Ps”) that form your competitive advantage—also known as core competency—product, price, promotion, and place. As you choose the elements of your marketing plan, always keep your vision in mind. What benefit is your product or service providing to customers? (Steve Mariotti & Caroline Glackin, 2016)

### **Product**

Product is the repair service of welfare technical problems, interior and exterior design services and property services in near future growth plan. For time being property service is not considered to be launched at first stage but it is targeted to be major revenue stream in near future. Among welfare repair services following revenue streams will be:

- Home kombi, plumbing, heating, A/C repair services
- Home white equipment repairs services
- Home electrical works repair services
- Other services (like small repair)

All services will be recorded and saved in clients personnel cabinet in the WEB and online payment for services with invoices will be delivered.

### **Price**

Maintaining attractive prices to the services is important to survive in competitive environment. Therefore, cost and value-based pricing methods will be considered while pricing for the services. In deciding to buy, the customer will decide whether a product's or service's price is right. Pricing decisions, just like other marketing mix decisions, must begin with consumer value. (Kotler & Armstrong, 2012) As mentioned in previous chapters high quality level of services, online and invoice-based charging for the services and guarantee for executed works will be add value to consumer and main differentiated factor. To be noted that, in sales forecast only service revenues considered for financial analyze. Because used materials will be off set with invoices from wholesalers and same amount will be charged to client. Price level for services per individual requests / tickets considered as below:

- Design works / 20 AZN per sqm,
- Home kombi, plumbing, heating, A/C repair services / 80 AZN per ticket
- Home white equipment / 40 AZN per ticket
- Home electrical works / 40 AZN per ticket
- Other services (like small repair) / 40 AZN per ticket

## **Place**

As mentioned in organization and management chapter, company services planning to be launch in Baku city high income population areas, which cover NASIMI / SABAIL / YASAMAL / NARIMANOV regions.

## **Promotion**

Promotion strategy clearly described in marketing strategy paragraph. Digital, billboards, SEO marketing activities well explained.

## **GROWTH PLAN**

Company growth strategy is an aggressive quality and performance pursue to the market. The market also has a potential in accordance to government official's development strategy and oil prices increase in the world. President Aliyev also set 2017 year as a construction development in the country, which shows importance of the construction industry for the country.

([https://azertag.az/en/xeber/President\\_Ilham\\_Aliyev\\_The\\_construction\\_sector\\_will\\_be\\_developed\\_in\\_Azerbaijan\\_this\\_year-1025730](https://azertag.az/en/xeber/President_Ilham_Aliyev_The_construction_sector_will_be_developed_in_Azerbaijan_this_year-1025730))

Azerbaijan has experienced explosive growth in its construction sector over the past decade. Accounting for 12% of Azerbaijan's \$169.4 billion economy, construction has a built itself a major role in the economic structure of the nation.

(<https://www.worldbuild365.com/news/ey7dum4kd/building-architecture/everything-you-need-to-know-about-construction-in-azerbaijan>)

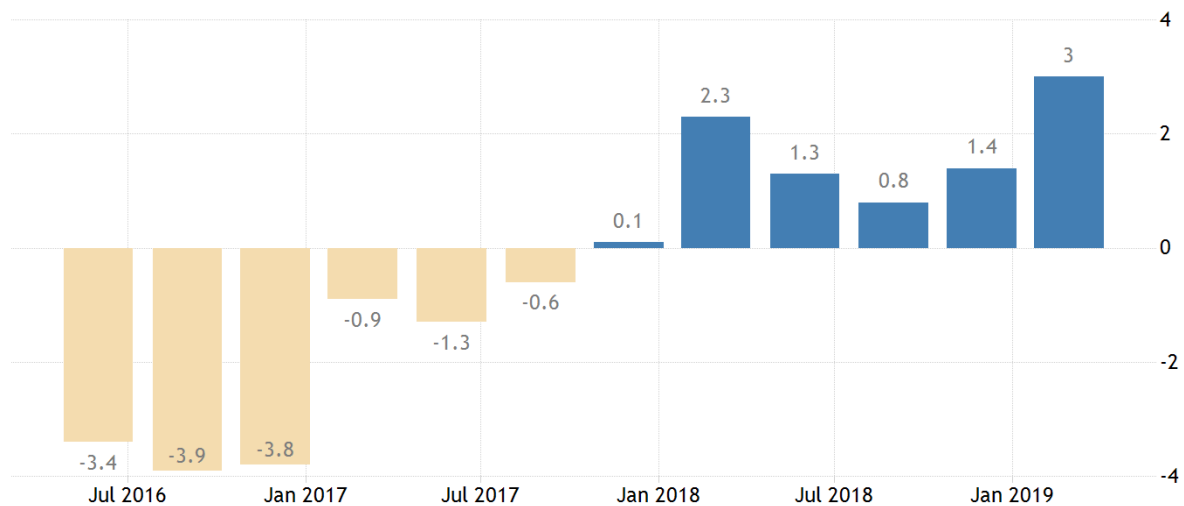
The government of Azerbaijan plans to achieve a GDP growth by 249 million manats (\$ 141.2 million) until 2020, through the implementation of measures envisaged in the Strategic Road Map



for the development of housing provision at a reasonable price in Azerbaijan. Under the Road Map, some 10,000 new jobs will be created in the construction sector of the country.

(<https://www.azernews.az/business/106981.html>)

All aforementioned cites shows real potentials in construction industry which will be followed by service business aside in parallel. In recent years Azerbaijan has shown good economic growth comparing to previous years. As known in previous years two times devaluation, oil prices decrease has negatively impacted Azerbaijan economy, but with new gas exports to the Europe and over the time economy rehabilitated and positive dynamics in GDP observing.



SOURCE: TRADINGECONOMICS.COM | THE STATE STATISTICAL COMMITTEE OF THE REPUBLIC OF AZERBAIJAN

*Figure 10. Azerbaijan GDP Development*

All facts are the motivation to company growth. Company will not launch all planned services at first year. In the first-year company will focus to more precise market data for accurate growth planning. In depth marketing will secure business model and will give more insight to plan next campaigns. Well tuning business model in specific areas with planned services will enable to copy

the model to the bigger markets. By markets – other population regions of Baku and other big cities, summer house regions, new services are considered. Initial phased approach with Baku region households and services given in below table.

Baku & City Side	# of Flats	Ph#1	Ph#2	Ph#3	Ph#4
Xirdalan	94,028				94,028
Novxani Baglar	34,824				34,824
Qobustan	7,974				7,974
Bineqedi	133,500			133,500	
Qaradag	46,206				46,206
Xezer	102,444				102,444
Yasamal	112,041	112,041			
Sebayil	52,335	52,335			
Nerimanov	81,475	81,475			
Nesimi	84,026	84,026			
Nizami	70,908			70,908	
Sabuncu	136,373		136,373		
Suraxani	90,061				90,061
Xetai	125,798		125,798		
<b>TOTAL</b>	<b>1,171,993</b>	<b>329,877</b>	<b>262,171</b>	<b>204,408</b>	<b>375,537</b>
<b>Product Rollout per Phases</b>		WETA technical repair serv	WETA technical repair serv	WETA technical repair serv	WETA technical repair serv
		Design	Design	Design	Design
			Complete Renovation serv	Complete Renovation serv	Complete Renovation serv
				Construction	Construction
				Real-estate	Real-estate
					Internationalization

Table 4. Growth table

Here need to note about possible internationalization of the company.

It is common acceptance that Azerbaijan perceived as a security Ireland in the world. It's not occasioned that Azerbaijan hosts world sport, cultural and some other several events. This situation created property attraction of foreigners in Azerbaijan. There also high attraction of domestic people to own property abroad too. From this perspective, there big potential for company internationalization and company aimed to catch up the opportunity. While developing internationalization concept, foreign property companies will be considered in business model too.

## CSR of the Company

Ethics, corporate social responsibility, and social entrepreneurship are three related topics that are often conflated. Corporate social responsibility is the ethical obligation of a company to its community. (Steve Mariotti & Caroline Glackin, 2016)

Company sustainability strategy will be based on its corporate social responsibility recognition by society and awareness, innovation on industry via product and services, organizational ownership for social responsibility, transparency on e2e supply chain and customers on ethic criteria's, internal strength for employee treatment and development and external stakeholder's management and regulation.

For ideal sustainability implementation company surely will follow product and services adoption and innovation, interaction improvement with stakeholders via digitalization and setting up necessary process to treat customer satisfaction more tangible way, to get organization to maintain ethical behavior to environment. Taking into consideration above sayings following set of actions will be considered in business operations:

- a. To recognize “sustainability” among corporate strategy and management sponsorship for its integration to all areas of the business;
- b. To start from internal relevance for proper organizational adoption and ownership within organization;
- c. To treat main – “employee stakeholder” of business to get deep awareness of CRE and to transform CRE responsibilities into company targets;
- d. For employee benefits, trainings, wellbeing, development, engagements, internship etc. initiatives to be prioritized;
- e. Compliance screening and gap identification;

- f. To involve external consultancies for transparency delivery upon business growth;
- g. To set “ethics committee” within organization;
- h. Closely to seek to prevent forced and child labor among customers and supply chain;
- i. Prevention actions for any kind of criminal supporting;
- j. To lobby paperless works in business operations for better environment and prevent environment pollution and for better world;
- k. Privacy and data security ensure;
- l. Cultural and scientific events and initiatives organization.
- m. To embrace disabled part of the population to working environment.

### **CRITICAL RISKS & EXIST PLAN**

Any new opportunities and ventures bring certain risks with them surely. Therefore, contingency plan must be developed prior to start new venture.

#### **Risks**

In this business area following risks were identified:

- Not enough sales as per projection;
- Cash flow deficit;
- Customer dissatisfaction and churn;
- Devaluation;
- Copied businesses in the market.

Company have to have clear reactive set of actions in case of occurrence any of above risks.

For sales risks – company will analyze first 4-5-month sales process and volumes to understand major problems to take measure to push the sales. It will be via new marketing campaigns, involving additional resources to increase the sales.

For cash flow deficit – company owners cash injection planning and negotiation for possible payments delay might be temporary action.

For customer dissatisfaction problem – continues customer survey and digital feedback mechanism will be used to understand customer reasons to take preventive actions.

For devaluation risk – it will be considered during bank loan injection time to have liabilities in local currency.

For copied business risk – contingency plan will be to maintain better customer data base, to keep close eye to customer experience, to maintain existing customers and to attract new customers to keep survive in competition. There also plan to have intellectual proprietary binding within possible legal frames.

## **Exit Plan**

In case of exit option there two scenarios are considered:

1. As company assets are saleable and might close major gap in case of exit, potentially Company assets can be sold to close liabilities. WEB tools and call center assets can be used in different industries with some modifications. Therefore, they also can be considered potentially saleable asset.
2. Company might be open for sale completely. There major players in property and construction industry, which is highly probable to acquire company to rebrand or diversify their portfolios.

Note: The exit strategy is the way in which you and/or your investors expect to leave the company someday in a planned and orderly way. For investors, this might mean a buyout plan for their equity, or an initial public offering (IPO) when the company goes public—that is, puts itself on the stock exchange. (Steve Mariotti & Caroline Glackin, 2016)

There also best-known exit plans in academic publishes, such as buyout option for investors or going to IPO. From those options’ “buyout” might be an option in domestic market but IPO scenario is not developed yet. Therefore, we will develop exit plan as per second option to Sale Company either completely or shareholders share buyout by others.

## **FINANCIAL PLAN**

This section will be numeric description of the business idea described in above sections. In this part company cost structure, start-up cost, fund sources and breakeven analyze will be given. There five financing sources might be to raise the capital (Barrow, Barrow, & Brown, 2008):

- Personal financing
- Bank loans
- Investors
- Grants or winning a competition
- Stock market.

For company startup 50,000 AZN own investment and 50,000 AZN bank loans will be used to launch the company. Over the time 115,000 AZN will be borrowed from bank or private investors during 1st year business operations.

A well-written plan will show investors that you have carefully thought through how you intend to make your business profitable. The more detail you offer investors about how their money will be used, the more willing they will be to invest. The financial projections should be realistic and attainable. (Steve Mariotti & Caroline Glackin, 2016)

### Start-Up Costs

Start-up costs are the costs to set up the company with necessary technical equipment and premises. In order to start the HRPS services 5 premises, two cars, necessary tools for repair works performance, call center deployment to get demand requests, company web and application development for android and iOS, clothes for managers and masters, IT equipment for own staff and short code procurement from government for call center public number.

Own investment planning to be 50,000 AZN and 60,000 AZN planning to be borrowed from bank.

Company initial investment items were given in below table.

HQ & Field Furniture	\$	8,900
Cars	\$	24,000
Tools	\$	3,600
Call Center Technical		
Delivery	\$	20,000
WEB & App Developmnet	\$	30,000
Clothers	\$	200.00
IT Equipments	\$	17,600.00
Short Code	\$	150.00
	<b>\$</b>	<b>104,450</b>

Table 5. Company Start-Up cost

For company startup, at beginning stage offices will be rented. For rented premises basic furniture's, minimum amount of transport means (cars), masters tool boxes, call center technical delivery, business digital platform, special clothes, IT equipment and short code are necessary.

At the beginning cars purchase decided to keep company operating expenses as much as minimum. Also, high quality tools for masters are essential to deliver the quality. by the way, here all type of tools is considering in this budget line to overcome all type of welfare problems.

Call center another fundamental part of the business for data collection and further analyze. Professional call center tool will make data accessible and with client voice recording and behavior analyze first impression to the market will be guaranteed.

WEB and different OS application development another value proposition to the market and definitely needed for establishing interactive channel with market and instant feedback getting.

Clothes – as a company uniform considered another company differentiator symbol. Company color and logo will be on uniform and will symbolize company quality and promise to the market. Masters always will wear uniforms while entering to the house. By the way, company logo also will be labeled to the company cars too.

HRPS will deliver high reliable IT systems at the beginning. It might be considered costly at the start point, but company data management and collection are the key for future decision making. As all decisions have to be made on evidence based and based on analyze data retention, protection and analyze are considered crucial part at start point. Therefore, despite its high cost among company startup investment, it will be expensed without any hesitation. Let's do not forget that data might be used for other purposes to design company growth planning.



Short code for company is mandatory expenditure. This will be used to access to the company call center. Short codes are usually easy memorable, against ordinary phone numbers. Therefore, short code considered to be a contact number to the business.

### **Fixed & variable costs**

#### **Fixed costs**

Company have fixed costs independently from sales volume. This is such as utility, rents, advertising and membership costs. Monthly company fixed cost is 34,290 AZN. Cost content with values given in below table.

<b>Fixed Costs</b>			
	<b>Advertising Cost</b>	<b>\$</b>	<b>1,600</b>
	<b>Membershp &amp; Sponsorship</b>	<b>\$</b>	<b>333</b>
	<b>G&amp;A</b>	<b>\$</b>	<b>754</b>
	<b>Utilities</b>	<b>\$</b>	<b>170</b>

*Table 6. Company Fixed Costs*

Fixed costs in above table considered to be constant at least on monthly based during first year business operations.

Advertisement – over digital platforms and billboards undeniable expense for any business especially at first its business operations period. SEO ads, small ads videos over high ranked YouTube movies, promotional advertisement over social network will be key activity areas on digital Medias. Surely, billboards on highways, high dense population areas also will be in focus area.

Membership and sponsorship for company sustainability maintenance considered to be essential part of company image formalization and brand awareness. Therefore, membership to

various government and nongovernment organization, to media organization considered to be a part of continues business operations. Sponsorship to charity organizations, to religious premises, university programs and students will positively impact to company image and positive perception by the market.

General and Administrative expenses are the integral part of the business expenditures during its operations. Here office clean services, beverage expenses, phone and internet, security and office support expenses are considered. All field offices and head quarter office expenses are in this budget line.

Utilities cost consist from water, gas, electric and sewerage expenses. All company premises costs are in this budget line.

Fixed costs for time being considering for five premises and will be increased with business growth and expanding to various administrative regions of Baku.

### **Variable Costs**

Company's variable costs depending on sales volume and changes in correlation with sales.

As an operations strategy company assets and payroll will be extended based on desired sales volume. Therefore salaries, clothes, trainings for personnel and other invisible variable costs are included into variable costs.

<b>Variable Cost</b>			
	Salaries		\$ 15,123
	Interests	10%	\$ 500
	Depratiation	20%	\$ 847
	Clothers		\$ 200
	Trainings		\$ -
	Other VC / 3% of rev		\$ 508
<b>Total VC</b>			<b>\$ 17,178</b>

*Table 7. Company Variable Cost (@beginning)*

Company variable cost consist of salaries, interest amount according to loans borrowing from investors of from bank, depreciation amount as company growth purchased assets is increasing, clothes, training and other invisible variable costs.

Salaries amount considered here is according to company structure proposed in organization chapter in this paper. Surely, with company expansion attracted full time employees' amount will be increased too. Therefore, this cost in variable cost structure. This budget line considers employees annual and incentive bonuses, overtime expenses.

Interest rate will vary with cash injection to business operations during first year business operations. Therefore, with injected loans amount overall interest amount also will be increased.

As company purchased assets will be increased timely, logically depreciation amount also will be increased. In general, depreciation period considered over five years. In this table monthly variable depreciation amounts given. Basically, in this figure's total annual depreciation per month amount given.

Clothes expenses in this table considered per quarter. For good and fresh outlook maintenance clothes will be changed quarterly and new employees over first year also considered within this amount. 50 AZN per uniform is the reference point for this budget line.

## Sales Forecast

While forecasting sales revenues market response ratio considered which derived from market research. As per questionnaire results approximately 68% of respondents intended to use company services. Company also planning to have a two-marketing staff which will be continuously advertise to the market during working hours. In an effective way total market reach mount planning to be 20,000 households per month. And as a final ratio 1-2% of reached market response considered to order a service. Coming from this assumption monthly expected sales volume given in below table.

1st YEAR											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$ 11,648	\$ 13,978	\$ 16,773	\$ 20,128	\$ 24,153	\$ 28,984	\$ 34,781	\$ 41,737	\$ 50,084	\$ 60,101	\$ 72,121	\$ 79,333
\$ 1,904	\$ 2,285	\$ 2,742	\$ 3,290	\$ 3,948	\$ 4,738	\$ 5,685	\$ 6,822	\$ 8,187	\$ 9,824	\$ 11,789	\$ 12,968
\$ 1,926	\$ 2,312	\$ 2,774	\$ 3,329	\$ 3,995	\$ 4,793	\$ 5,752	\$ 6,903	\$ 8,283	\$ 9,940	\$ 11,928	\$ 13,121
\$ 1,445	\$ 1,734	\$ 2,081	\$ 2,497	\$ 2,996	\$ 3,595	\$ 4,314	\$ 5,177	\$ 6,212	\$ 7,455	\$ 8,946	\$ 9,840
<b>\$ 16,923</b>	<b>\$ 20,308</b>	<b>\$ 24,369</b>	<b>\$ 29,243</b>	<b>\$ 35,092</b>	<b>\$ 42,110</b>	<b>\$ 50,532</b>	<b>\$ 60,639</b>	<b>\$ 72,767</b>	<b>\$ 87,320</b>	<b>\$ 104,784</b>	<b>\$ 115,262</b>

Table 8. Sales volume (1<sup>st</sup> year)

In this table sales volume were given in AZN. While calculating sales volume and growth market survey data were used to understand client awareness and willingness to order the services. Ads volume that company marketing staff might deliver emphasized as 20K per month. So, this is the capability of the marketing staff, which we may ensure that 20K ads will be delivered over month. According to questionnaire survey result 68% of market will be aware off at the result. There another major variable that impact to sales forecast, which is growth rate. In general, we do consider 1% growth rate per month. With this growth rate monthly orders to company looks very logical and even numbers are conservative to guarantee the business plan feasibility. Afterwards with considered growth rate and company marketing staff effort, this logic applied to subsequent two years. So, next two years sales forecast given in below tables.

2nd YEAR											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$ 80,127	\$ 80,928	\$ 81,737	\$ 82,555	\$ 83,380	\$ 84,214	\$ 85,056	\$ 85,907	\$ 86,766	\$ 87,634	\$ 88,510	\$ 89,395
\$ 13,098	\$ 13,229	\$ 13,361	\$ 13,495	\$ 13,629	\$ 13,766	\$ 13,903	\$ 14,042	\$ 14,183	\$ 14,325	\$ 14,468	\$ 14,613
\$ 13,252	\$ 13,384	\$ 13,518	\$ 13,653	\$ 13,790	\$ 13,928	\$ 14,067	\$ 14,208	\$ 14,350	\$ 14,493	\$ 14,638	\$ 14,785
\$ 9,939	\$ 10,038	\$ 10,139	\$ 10,240	\$ 10,342	\$ 10,446	\$ 10,550	\$ 10,656	\$ 10,762	\$ 10,870	\$ 10,979	\$ 11,088
<b>\$ 116,415</b>	<b>\$ 117,579</b>	<b>\$ 118,755</b>	<b>\$ 119,943</b>	<b>\$ 121,142</b>	<b>\$ 122,353</b>	<b>\$ 123,577</b>	<b>\$ 124,813</b>	<b>\$ 126,061</b>	<b>\$ 127,321</b>	<b>\$ 128,595</b>	<b>\$ 129,881</b>

Table 9. Sales volume (2<sup>nd</sup> year)

3rd YEAR											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
\$ 90,289	\$ 91,192	\$ 92,104	\$ 93,025	\$ 93,955	\$ 94,895	\$ 95,843	\$ 96,802	\$ 97,770	\$ 98,748	\$ 99,735	\$ 100,732
\$ 14,759	\$ 14,906	\$ 15,055	\$ 15,206	\$ 15,358	\$ 15,512	\$ 15,667	\$ 15,823	\$ 15,982	\$ 16,141	\$ 16,303	\$ 16,466
\$ 14,932	\$ 15,082	\$ 15,233	\$ 15,385	\$ 15,539	\$ 15,694	\$ 15,851	\$ 16,010	\$ 16,170	\$ 16,331	\$ 16,495	\$ 16,660
\$ 11,199	\$ 11,311	\$ 11,424	\$ 11,539	\$ 11,654	\$ 11,771	\$ 11,888	\$ 12,007	\$ 12,127	\$ 12,249	\$ 12,371	\$ 12,495
<b>\$ 131,179</b>	<b>\$ 132,491</b>	<b>\$ 133,816</b>	<b>\$ 135,154</b>	<b>\$ 136,506</b>	<b>\$ 137,871</b>	<b>\$ 139,250</b>	<b>\$ 140,642</b>	<b>\$ 142,048</b>	<b>\$ 143,469</b>	<b>\$ 144,904</b>	<b>\$ 146,353</b>

Table 10. Sales volume (3<sup>rd</sup> year)

**Note:** In sales forecast only professional services revenues are considered. Consumed materials will be charged additionally to clients on cost based.

Company financial projection done for 3 calendar years.

### Projected Income Statement

<b>HRPS INCOME STATEMENT</b>				<b>YEAR 1st</b>	<b>Year 2nd</b>	<b>YEAR 3rd</b>
<b>Revenue</b>						
	Rev from (1)/Combi/Plumbing/AC			\$ 453,822	\$ 1,016,209	\$ 1,145,089
	Rev from (2)/White equipment			\$ 74,182	\$ 166,111	\$ 187,178
	Rev from (3)/Electrical works			\$ 75,055	\$ 168,065	\$ 189,380
	Rev from (4)/Other			\$ 56,291	\$ 126,049	\$ 142,035
<b>Total Rev</b>				<b>\$ 659,350</b>	<b>\$ 1,476,434</b>	<b>\$ 1,663,683</b>
<b>COGS</b>				\$ -	\$ -	\$ -
	Transport Cost			\$ 129,702	\$ 541,974	\$ 598,800
	Phone Cost			\$ 1,560	\$ 6,517	\$ 7,200
	<b>Total COGS</b>			<b>\$ 131,262</b>	<b>\$ 548,491</b>	<b>\$ 606,000</b>
<b>Gross Profit</b>				<b>\$ 528,088</b>	<b>\$ 927,943</b>	<b>\$ 1,057,683</b>
<b>Variable Cost</b>				\$ -	\$ -	\$ -
	Salaries			\$ 244,274	\$ 532,616	\$ 572,360
	Interests	10%		\$ 26,185	\$ -	\$ -
	Depratiation	20%		\$ 24,014	\$ 87,631	\$ 96,400
	Clothers			\$ 7,798	\$ 32,584	\$ 36,000
	Trainings			\$ 7,211	\$ 15,800	\$ 16,400
	Other VC / 3% of rev			\$ 19,781	\$ 44,293	\$ 49,910
<b>Total VC</b>				<b>\$ 329,263</b>	<b>\$ 712,924</b>	<b>\$ 771,070</b>
<b>Contribution Margin</b>				<b>\$ 198,826</b>	<b>\$ 215,020</b>	<b>\$ 286,612</b>
<b>Fixed Costs</b>				\$ -	\$ -	\$ -
	Advertising Cost			\$ 19,200	\$ 19,200	\$ 19,200
	Membership & Sponsorship			\$ 4,000	\$ 4,000	\$ 4,000
	G&A			\$ 9,050	\$ 9,050	\$ 9,050
	Utilities			\$ 2,040	\$ 2,040	\$ 2,040
	Interests	10%		\$ -	\$ 64,382	\$ 158,757
				\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
<b>Total FC</b>				<b>\$ 34,290</b>	<b>\$ 98,672</b>	<b>\$ 193,047</b>
<b>Pre - Tax Profit</b>				<b>\$ 164,536</b>	<b>\$ 116,347</b>	<b>\$ 93,565</b>
Taxes (20)				\$ 35,355	\$ 23,269	\$ 18,713
<b>Net Profit</b>				<b>\$ 129,181</b>	<b>\$ 93,078</b>	<b>\$ 74,852</b>

Table 11. HRS Income Statement

Company proforma income statement given for three years with net profit figures. In first year, company planned to earn 134K AZN. But in second year with company growth some expenses to be occur and 2<sup>nd</sup> year net profit will be decreased to 100K AZN. This is mainly due to employees, cars, tools and other expenses increase. The better side of the growth is that, with same resources company revenue will be increased almost 2.5 times and net profit planned to be 167K AZN. For welfare technical services, such annual turnover really good. But here competition negative impact is not considered. As mentioned in above chapters, there some initiatives already in the market and certainly competition will negatively impact to proforma figures. But since it is not established business, the negative impact will be tuned for numbers during initial stages of the business operations. The good side of the proforma simulations, revenue, gross profit and contribution margin are continuously show progressive trend.

### **Cash Flow and Breakeven Analysis**

The cash flow statement shows cash disbursements over a period of time. Creating your cash flow projections for three years will bring financial potential and risks into clear focus both for you and your stakeholders. Don't be alarmed to see negative numbers on your first couple of efforts at this. However, if the numbers truly do not work, it might be time to reconsider your business approach, or the basic concept, rather than simply manipulating the figures to achieve satisfactory results on paper. (Steve Mariotti & Caroline Glackin, 2016)

In a start-up business, cash flow is likely to be negative at various points, such as the early months or in certain seasons. A business cannot survive long with negative cash flow, so it must increase cash coming in and/or reduce the amount of cash going out (expenses, equipment purchases, debt repayment, for example). Remember, be realistic about these projections. Be careful of significantly increasing your revenue projections solely to improve the numbers. If you add debt, account for its interest and principal repayment in future periods. When you have finished

your business plan, it should never show a negative cash balance at the end of a period, because negative cash means you are overdrawn in your accounts, and projecting overdrawn accounts in a business plan, or operating that way, is hardly a best practice. You may very well have suffered losses that are reflected on your income statement, but the ending cash balance cannot be negative. (Steve Mariotti & Caroline Glackin, 2016)

Considering bank loans during first year investment breakeven analysis done based on net present value calculation. According to NPV Methodology Company will reach breakeven point at December first year with 9.943 AZN positive cash. Calculation result given in below table

NET CASH FLOW		\$ (3,112)	\$ 374	\$ 2,422	\$ 5,338	\$ 11,012	\$ 16,529	\$ 18,876	\$ 28,679	\$ 38,543	\$ 54,560	\$ 60,830	\$ 68,494
Initial investmet		\$ (110,000)		\$(27,600)		\$(62,000)				\$(93,000)			
NPV		\$ 9,943	Dec'1st year										

*Table 12. Breakeven point*

According to proforma NPV calculation business will have its positive cashflow in its 12th month of operations. Since there no available published data in the market, it is too hard to benchmark business feasibility, but from first glance it looks acceptable. Detailed calculation sheets will be given in this paper appendixes.

### **Return on Investment**

Return on investment calculation performed for three years financial projection. Average ROI of company for 3 years will be approximately 20%. Result given in below table.

<b>ROI 1st year</b>	<b>(rev-cost)/cost</b>	<b>35%</b>
total rev	\$ 659,350	
total cost	\$ 488,069	
rev-cost	\$ 171,281	
<b>ROI 2nd year</b>	<b>(rev-cost)/cost</b>	<b>9%</b>
total rev	\$ 1,476,434	
total cost	\$ 1,350,336	
rev-cost	\$ 126,098	
<b>ROI 3rd year</b>	<b>(rev-cost)/cost</b>	<b>14%</b>
total rev	\$ 1,663,683	
total cost	\$ 1,455,066	
rev-cost	\$ 208,616	
<b>Avg ROI</b>		<b>20%</b>

*Table 13. ROI*

In this table average return on investment calculation were given per year. Due to three years financial projection final average return on investment calculated for a reference. In this point, again it is better to mention that, there no available data in open sources for benchmarking to understand industry feasibility. But in an average figures 20% ROI in this business area looks attractive.

## **BALANCE SHEET PROJECTIONS**

Three years of projected balance sheets will provide snapshots of business at specific points in time, such as the last day of a month, quarter, or year. Balance sheets show the business's assets (what you own), liabilities (what you owe), and net worth, or owner's equity. These statements provide insights into your financing strategy and overall business health. (Steve Mariotti & Caroline Glackin, 2016)



<b>HRPS Balance Sheet for 31/12/2020</b>			
		<b>Opening</b>	<b>Closing</b>
<b>Current Asset</b>			
	Cash	\$ 110,000	\$ 700,503
	Account Receivables	\$ -	\$ -
<b>Total Current Assets</b>		<b>\$ 110,000</b>	<b>\$ 700,503</b>
<b>Fixed Assets:</b>			
	HQ & Field Furniture	\$ 8,900	\$ 8,900
	Cars	\$ 24,000	\$ 168,000
	Tools	\$ 3,600	\$ 21,800
	Call Center Technical Delivery	\$ 20,000	\$ 20,000
	WEB & App Developmnet	\$ 30,000	\$ 30,000
	Clothers	\$ 200	\$ 1,400
	IT Equipments	\$ 17,600	\$ 36,800
<b>Total Property and Equipment</b>		<b>\$ 104,300</b>	<b>\$ 286,900</b>
<b>Accumulated Depratiation</b>		\$ -	\$ -
<b>Total Property and Equipment (Net)</b>		<b>\$ 104,300</b>	<b>\$ 286,900</b>
<b>Total Assets</b>		<b>\$ 214,300</b>	<b>\$ 987,403</b>
<b>Liabilities &amp; Owner Equity:</b>			
<b>Current Liabilities</b>			
	Account Payable	\$ -	\$ -
<b>Total Current Liabilities</b>		\$ -	\$ -
<b>Long Term Liabilities</b>		\$ 884,350	\$ 884,350
<b>Total Liabilities</b>		<b>\$ 884,350</b>	<b>\$ 884,350</b>
<b>Owner Equity</b>		<b>\$ 50,000</b>	<b>\$ 103,053</b>
<b>Total Liabilities &amp; Equity</b>		<b>\$ 934,350</b>	<b>\$ 987,403</b>

Table 14. Company Balance Sheet

According to balance sheet proforma business promise good look. Because company liability maintaining to be stable but in the parallel company equity and total assets are increasing according to given figures.

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## APPENDIX 1.

QUESTIONNAIRE FOR WETA (HRPS)

1. Age group
  - a. 20-30
  - b. 30-40
  - c. 50-
2. Marrital status
  - a. married
  - b. single
3. Flat type
  - a. Appartment
  - b. Residential
4. Demand for repair works at home
  - a. No
  - b. If “YES”, what is the frequence for demand:
    - o Very often
    - o Avg one time per month
    - o Avg one time per 2-3 month
    - o Rarely
5. What is the highly demanded services at home?
  - a. Electric realted
  - b. Plumbing related
  - c. Combi & AC
  - d. Welfare equipment
  - e. Furniture
  - f. Other
6. How do you find a master in case of need?
  - a. Doesn't call for master, repair by myself
  - b. Calling to already familier masters
  - c. Via internet or other ads
7. Are you satisfied from service quality?
  - a. Yes
  - b. No
8. Are you satisfied from master professionalism?
  - a. Yes
  - b. No
9. Are you satisfied from service fee?
  - a. Yes
  - b. No

- 10. How do you get repair materials?
  - a. Always purchase by myself
  - b. Purchased by master and included into service fee
  - c. Ordering to the home
- 11. Do you get quarrantee for perfomed works by masters?
  - a. Yes
  - b. No
- 12. Do you get quarrantee for repair materials?
  - a. Yes
  - b. No
- 13. In what hours do you usually need for a service?
  - a. During working hours
  - b. During non-working hours
- 14. Is there difference for service fee during non-working hours?
  - a. Yes
  - b. No
- 15. Will you use professional company services during working and non working hours for welfare technical repair works with quarantine?
  - a. Yes
  - b. No

Thank you for more detailed answer

- 16. What additional services will you need in your welafare? E.g cleaning works, gardener etc.

Thank you for more detailed answer



## APPENDIX 2.

## Sales forecast:

		1st Year											
		1	2	3	4	5	6	7	8	9	10	11	12
Ads Delivery		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
awareness		13,655	27,309	40,964	54,618	68,273	81,928	95,582	109,237	122,892	136,546	150,201	163,855
orders	2%	280	336	403	484	581	697	836	1003	1204	1445	1734	2080
growth ratio		2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
# of teams	4												
per order rev	61												
cash inflow	0	17024	20428.8	24514.56	29,417	35,301	42,361	50,833	61,000	73,200	87,840	105,408	126,490
daily per team order handling capacity	6												
WD	30												
Per team monthly cost	6635	6635	6635	6635	6635	6635	6635	6635	6635	6635	6635	6635	6635
monthly capacity		720	720	720	720	720	720	720	1,440	1,440	1,440	2,520	2,520
required # of team		2	2	2	4	4	4	8	8	8	8	14	14
\$ per team		6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635	6,635
cash outflow	81,250	13,270	12,386	14,863	26,541	26,541	25,683	53,082	53,082	53,082	53,082	92,893	92,893
Total Cash Flow	(81,250)	3,754	8,043	\$9,652	\$2,877	\$8,760	\$16,678	-\$2,248	\$7,918	\$20,118	\$34,758	\$12,515	\$33,597
Discount Factor	1	1	1	1	1	1	1	1	1	1	1	1	1
NPV	(5,698)	3,754	8,043	9,652	2,877	8,760	16,678	(2,248)	7,918	20,118	34,758	12,515	33,597
depratiation													
		Unit Price	Avg Rev										
Kombi / Santexnika / AC	52%	80	42										
Meiset avdlq	14%	40	5										
Elektrik	17%	40	7										
Other	17%	40	7										
	100%	61											



APPENDIX 3

Income statement proforma

Year 1

1st YEAR												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Unit price (1)	80											
Unit price (2)	50											
Unit price(3)	40											
Unit price (4)	30											
No of orders(1)	146	175	210	252	302	362	435	522	626	751	902	992
No of order (2)	14%	38	46	55	66	79	95	114	136	164	196	236
No of orders (3)	17%	48	58	69	83	100	120	144	173	207	248	298
No of orders (4)	17%	48	58	69	83	100	120	144	173	207	248	298
Total Orders	280	336	403	484	581	697	836	1003	1204	1445	1734	1907
# of team	2	2	2	4	4	4	8	8	8	8	14	14
per team transport \$	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663
per master clother \$	50	50	50	50	50	50	50	50	50	50	50	50
per person training \$	50	50	50	50	50	50	50	50	50	50	50	50
Phone Cost per team	20	20	20	20	20	20	20	20	20	20	20	20
Avg salary per FTE	582	582	582	582	582	582	582	582	582	582	582	582
Constant Employee	22	22	22	22	22	22	22	22	22	22	22	22
Depratiation Fixed	333	333	333	333	333	333	333	333	333	333	333	333
Depratiation Var / per team	257	257	257	257	257	257	257	257	257	257	257	257

HRPS INCOME STATEMENT												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Revenue</b>												
Rev from (1)/Combi/Plumbing/AC	\$ 11,648	\$ 13,978	\$ 16,773	\$ 20,128	\$ 24,153	\$ 28,984	\$ 34,781	\$ 41,737	\$ 50,084	\$ 60,101	\$ 72,121	\$ 79,333
Rev from (2)/White equipment	\$ 1,904	\$ 2,285	\$ 2,742	\$ 3,290	\$ 3,948	\$ 4,738	\$ 5,685	\$ 6,822	\$ 8,187	\$ 9,824	\$ 11,789	\$ 12,968
Rev from (3)/Electrical works	\$ 1,926	\$ 2,312	\$ 2,774	\$ 3,329	\$ 3,995	\$ 4,793	\$ 5,752	\$ 6,903	\$ 8,283	\$ 9,940	\$ 11,928	\$ 13,121
Rev from (4)/Other	\$ 1,445	\$ 1,734	\$ 2,081	\$ 2,497	\$ 2,996	\$ 3,595	\$ 4,314	\$ 5,177	\$ 6,212	\$ 7,455	\$ 8,946	\$ 9,840
<b>Total Rev</b>	<b>\$ 16,923</b>	<b>\$ 20,308</b>	<b>\$ 24,369</b>	<b>\$ 29,243</b>	<b>\$ 35,092</b>	<b>\$ 42,110</b>	<b>\$ 50,532</b>	<b>\$ 60,639</b>	<b>\$ 72,767</b>	<b>\$ 87,320</b>	<b>\$ 104,784</b>	<b>\$ 115,262</b>
<b>COGS</b>												
Transport Cost	\$ 3,327	\$ 3,105	\$ 3,726	\$ 6,653	\$ 6,653	\$ 6,438	\$ 13,307	\$ 13,307	\$ 13,307	\$ 13,307	\$ 23,287	\$ 23,287
Phone Cost	\$ 40	\$ 37	\$ 45	\$ 80	\$ 80	\$ 77	\$ 160	\$ 160	\$ 160	\$ 160	\$ 280	\$ 280
<b>Total COGS</b>	<b>\$ 3,367</b>	<b>\$ 3,142</b>	<b>\$ 3,771</b>	<b>\$ 6,733</b>	<b>\$ 6,733</b>	<b>\$ 6,516</b>	<b>\$ 13,467</b>	<b>\$ 13,467</b>	<b>\$ 13,467</b>	<b>\$ 13,467</b>	<b>\$ 23,567</b>	<b>\$ 23,567</b>
<b>Gross Profit</b>	<b>\$ 13,557</b>	<b>\$ 17,166</b>	<b>\$ 20,599</b>	<b>\$ 22,510</b>	<b>\$ 28,359</b>	<b>\$ 35,595</b>	<b>\$ 37,066</b>	<b>\$ 47,172</b>	<b>\$ 59,300</b>	<b>\$ 73,853</b>	<b>\$ 81,217</b>	<b>\$ 91,696</b>
<b>Variable Cost</b>												
Salaries	\$ 15,123	\$ 14,968	\$ 15,403	\$ 17,450	\$ 17,450	\$ 17,300	\$ 22,103	\$ 22,103	\$ 22,103	\$ 22,103	\$ 29,083	\$ 29,083
Interests 10%	\$ 500	\$ 500	\$ 500	\$ 1,209	\$ 1,209	\$ 1,498	\$ 2,822	\$ 2,822	\$ 2,822	\$ 2,822	\$ 4,740	\$ 4,740
Depratiation 20%	\$ 847	\$ 812	\$ 908	\$ 1,360	\$ 1,360	\$ 1,327	\$ 2,387	\$ 2,387	\$ 2,387	\$ 2,387	\$ 3,927	\$ 3,927
Clothers	\$ 200	\$ 187	\$ 224	\$ 400	\$ 400	\$ 387	\$ 800	\$ 800	\$ 800	\$ 800	\$ 1,400	\$ 1,400
Trainings	\$ -	\$ -	\$ 1,324	\$ -	\$ -	\$ 1,487	\$ -	\$ -	\$ 1,900	\$ -	\$ -	\$ 2,500
Other VC / 3% of rev	\$ 508	\$ 609	\$ 731	\$ 877	\$ 1,053	\$ 1,263	\$ 1,516	\$ 1,819	\$ 2,183	\$ 2,620	\$ 3,144	\$ 3,458
<b>Total VC</b>	<b>\$ 17,178</b>	<b>\$ 17,077</b>	<b>\$ 19,090</b>	<b>\$ 21,297</b>	<b>\$ 21,472</b>	<b>\$ 23,262</b>	<b>\$ 29,628</b>	<b>\$ 29,931</b>	<b>\$ 32,195</b>	<b>\$ 30,732</b>	<b>\$ 42,294</b>	<b>\$ 45,108</b>
<b>Contribution Margin</b>	<b>\$ (3,621)</b>	<b>\$ 89</b>	<b>\$ 1,509</b>	<b>\$ 1,213</b>	<b>\$ 6,886</b>	<b>\$ 12,333</b>	<b>\$ 7,438</b>	<b>\$ 17,241</b>	<b>\$ 27,105</b>	<b>\$ 43,122</b>	<b>\$ 38,923</b>	<b>\$ 46,588</b>
<b>Fixed Costs</b>												
Advertising Cost	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
Membership & Sponsorship	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333
G&A	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754
Utilities	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170
Interests 10%												
<b>Total FC</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>
<b>Pre - Tax Profit</b>	<b>\$ (6,479)</b>	<b>\$ (2,768)</b>	<b>\$ (1,349)</b>	<b>\$ (1,644)</b>	<b>\$ 4,029</b>	<b>\$ 9,475</b>	<b>\$ 4,580</b>	<b>\$ 14,384</b>	<b>\$ 24,248</b>	<b>\$ 40,264</b>	<b>\$ 36,066</b>	<b>\$ 43,730</b>
Taxes (20)	\$ -	\$ -	\$ -	\$ -	\$ 806	\$ 1,895	\$ 916	\$ 2,877	\$ 4,850	\$ 8,053	\$ 7,213	\$ 8,746
<b>Net Profit</b>	<b>\$ (6,479)</b>	<b>\$ (2,768)</b>	<b>\$ (1,349)</b>	<b>\$ (1,644)</b>	<b>\$ 3,223</b>	<b>\$ 7,580</b>	<b>\$ 3,664</b>	<b>\$ 11,507</b>	<b>\$ 19,398</b>	<b>\$ 32,211</b>	<b>\$ 28,853</b>	<b>\$ 34,984</b>

Year 2

	No of orders(1)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	No of orders(1)
	No of order (2)	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	No of order (2)
	No of orders (3)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	No of orders (3)
	No of orders (4)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	No of orders (4)
Unit price (1)	80														
Unit price (2)	50														
Unit price(3)	40														
Unit price (4)	30														
No of orders(1)	52%	1002	1012	1022	1032	1042	1053	1063	1074	1085	1095	1106	1117		
No of order (2)	14%	262	265	267	270	273	275	278	281	284	286	289	292		
No of orders (3)	17%	331	335	338	341	345	348	352	355	359	362	366	370		
No of orders (4)	17%	331	335	338	341	345	348	352	355	359	362	366	370		
Total Orders		1926	1945	1965	1984	2004	2024	2045	2065	2086	2107	2128	2149		
# of team		14	24	24	24	30	30	30	30	30	30	30	30		
per team transport \$	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663		
per master clother \$	50	50	50	50	50	50	50	50	50	50	50	50	50		
per person training \$	50	50	50	50	50	50	50	50	50	50	50	50	50		
Phone Cost per team	20	20	20	20	20	20	20	20	20	20	20	20	20		
Avg salary per FTE	582	582	582	582	582	582	582	582	582	582	582	582	582		
Constant Employee	22	22	22	22	22	22	22	22	22	22	22	22	22		
Depratiation Fixed	333	333	333	333	333	333	333	333	333	333	333	333	333		
Depratiation Var / per team	257	257	257	257	257	257	257	257	257	257	257	257	257		

HRPS INCOME STATEMENT		2nd YEAR												
	YEAR 1st	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2nd
Revenue														
Rev from (1)/Combi/Plumbing/AC	\$ 453,822	\$ 80,127	\$ 80,928	\$ 81,737	\$ 82,555	\$ 83,380	\$ 84,214	\$ 85,056	\$ 85,907	\$ 86,766	\$ 87,634	\$ 88,510	\$ 89,395	\$ 1,016,209
Rev from (2)/White equipment	\$ 74,182	\$ 13,098	\$ 13,229	\$ 13,361	\$ 13,495	\$ 13,629	\$ 13,766	\$ 13,903	\$ 14,042	\$ 14,183	\$ 14,325	\$ 14,468	\$ 14,613	\$ 166,111
Rev from (3)/Electrical works	\$ 75,055	\$ 13,252	\$ 13,384	\$ 13,518	\$ 13,653	\$ 13,790	\$ 13,928	\$ 14,067	\$ 14,208	\$ 14,350	\$ 14,493	\$ 14,638	\$ 14,785	\$ 168,065
Rev from (4)/Other	\$ 56,291	\$ 9,939	\$ 10,038	\$ 10,139	\$ 10,240	\$ 10,342	\$ 10,446	\$ 10,550	\$ 10,656	\$ 10,762	\$ 10,870	\$ 10,979	\$ 11,088	\$ 126,049
<b>Total Rev</b>	<b>\$ 659,350</b>	<b>\$ 116,415</b>	<b>\$ 117,579</b>	<b>\$ 118,755</b>	<b>\$ 119,943</b>	<b>\$ 121,142</b>	<b>\$ 122,353</b>	<b>\$ 123,577</b>	<b>\$ 124,813</b>	<b>\$ 126,061</b>	<b>\$ 127,321</b>	<b>\$ 128,595</b>	<b>\$ 129,881</b>	<b>\$ 1,476,434</b>
COGS														
Transport Cost	\$ 129,702	\$ 23,070	\$ 39,920	\$ 39,920	\$ 39,864	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 541,974
Phone Cost	\$ 1,560	\$ 277	\$ 480	\$ 480	\$ 479	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 6,517
<b>Total COGS</b>	<b>\$ 131,262</b>	<b>\$ 23,347</b>	<b>\$ 40,400</b>	<b>\$ 40,400</b>	<b>\$ 40,344</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 548,491</b>
<b>Gross Profit</b>	<b>\$ 528,088</b>	<b>\$ 93,068</b>	<b>\$ 77,179</b>	<b>\$ 78,355</b>	<b>\$ 79,599</b>	<b>\$ 70,642</b>	<b>\$ 71,853</b>	<b>\$ 73,077</b>	<b>\$ 74,313</b>	<b>\$ 75,561</b>	<b>\$ 76,821</b>	<b>\$ 78,095</b>	<b>\$ 79,381</b>	<b>\$ 927,943</b>
Variable Cost														
Salaries	\$ 244,274	\$ 28,932	\$ 40,717	\$ 40,717	\$ 40,678	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 532,616
Interests 10%	\$ 26,185													
Depratiation 20%	\$ 24,014	\$ 3,893	\$ 6,493	\$ 6,493	\$ 6,485	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 87,631
Clothers	\$ 7,798	\$ 1,387	\$ 2,400	\$ 2,400	\$ 2,397	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 32,584
Trainings	\$ 7,211		\$ 3,500			\$ 4,100		\$ 4,100		\$ 4,100		\$ 4,100		\$ 15,800
Other VC / 3% of rev	\$ 19,781	\$ 3,492	\$ 3,527	\$ 3,563	\$ 3,598	\$ 3,634	\$ 3,671	\$ 3,707	\$ 3,744	\$ 3,782	\$ 3,820	\$ 3,858	\$ 3,896	\$ 44,293
<b>Total VC</b>	<b>\$ 329,263</b>	<b>\$ 37,704</b>	<b>\$ 56,637</b>	<b>\$ 53,173</b>	<b>\$ 53,157</b>	<b>\$ 66,464</b>	<b>\$ 62,401</b>	<b>\$ 62,437</b>	<b>\$ 66,574</b>	<b>\$ 62,512</b>	<b>\$ 62,550</b>	<b>\$ 66,688</b>	<b>\$ 62,626</b>	<b>\$ 712,924</b>
<b>Contribution Margin</b>	<b>\$ 198,826</b>	<b>\$ 55,364</b>	<b>\$ 20,542</b>	<b>\$ 25,182</b>	<b>\$ 26,442</b>	<b>\$ 4,178</b>	<b>\$ 9,453</b>	<b>\$ 10,640</b>	<b>\$ 7,738</b>	<b>\$ 13,049</b>	<b>\$ 14,272</b>	<b>\$ 11,407</b>	<b>\$ 16,754</b>	<b>\$ 215,020</b>
Fixed Costs														
Advertising Cost	\$ 19,200	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 19,200
Membership & Sponsorship	\$ 4,000	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 4,000
G&A	\$ 9,050	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 9,050
Utilities	\$ 2,040	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 2,040
Interests 10%	\$ -	\$ 14,303	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 4,553	\$ 64,382
	\$ -													\$ -
	\$ -													\$ -
	\$ -													\$ -
<b>Total FC</b>	<b>\$ 34,290</b>	<b>\$ 17,160</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 7,410</b>	<b>\$ 98,672</b>
<b>Pre - Tax Profit</b>	<b>\$ 164,536</b>	<b>\$ 38,204</b>	<b>\$ 13,132</b>	<b>\$ 17,772</b>	<b>\$ 19,031</b>	<b>\$ (3,232)</b>	<b>\$ 2,043</b>	<b>\$ 3,229</b>	<b>\$ 328</b>	<b>\$ 5,639</b>	<b>\$ 6,862</b>	<b>\$ 3,997</b>	<b>\$ 9,344</b>	<b>\$ 116,347</b>
Taxes (20)	\$ 35,355	\$ 7,641	\$ 2,626	\$ 3,554	\$ 3,806	\$ (646)	\$ 409	\$ 646	\$ 66	\$ 1,128	\$ 1,372	\$ 799	\$ 1,869	\$ 23,269
<b>Net Profit</b>	<b>\$ 129,181</b>	<b>\$ 30,563</b>	<b>\$ 10,505</b>	<b>\$ 14,218</b>	<b>\$ 15,225</b>	<b>\$ (2,586)</b>	<b>\$ 1,634</b>	<b>\$ 2,584</b>	<b>\$ 262</b>	<b>\$ 4,511</b>	<b>\$ 5,489</b>	<b>\$ 3,197</b>	<b>\$ 7,475</b>	<b>\$ 93,078</b>
Unit price (1)	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Unit price (2)	50	50	50	50	50	50	50	50	50	50	50	50	50	50
(1) Combi/Plumbing/AC	Unit price(3)	40	40	40	40	40	40	40	40	40	40	40	40	40
(2) White equipment	Unit price (4)	30	30	30	30	30	30	30	30	30	30	30	30	30
(3) Electrical works														
(4) Other														

Year 3

	No of orders(1)	No of orders(1)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	
	No of order (2)	No of order (2)	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	
	No of orders (3)	No of orders (3)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	
	No of orders (4)	No of orders (4)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	
Unit price (1)	80															
Unit price (2)	50															
Unit price(3)	40															
Unit price (4)	30															
No of orders(1)	52%															
No of order (2)	14%															
No of orders (3)	17%															
No of orders (4)	17%															
Total Orders			2170	2192	2214	2236	2259	2281	2304	2327	2350	2374	2397	2421		
# of team			30	30	30	30	30	30	30	30	30	30	30	30		
per team transport \$	1663		1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663	1663		
per master clother \$	50		50	50	50	50	50	50	50	50	50	50	50	50		
per person training \$	50		50	50	50	50	50	50	50	50	50	50	50	50		
Phone Cost per team	20		20	20	20	20	20	20	20	20	20	20	20	20		
Avg salary per FTE	582		582	582	582	582	582	582	582	582	582	582	582	582		
Constant Employee	22		22	22	22	22	22	22	22	22	22	22	22	22		
Depratiation Fixed	333		333	333	333	333	333	333	333	333	333	333	333	333		
Depratiation Var / per team	257		257	257	257	257	257	257	257	257	257	257	257	257		

HRPS INCOME STATEMENT			3rd YEAR												YEAR 3rd
	YEAR 1st	Year 2nd	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Revenue</b>															
Rev from (1)/Combi/Plumbing/AC	\$ 453,822	\$ 1,016,209	\$ 90,289	\$ 91,192	\$ 92,104	\$ 93,025	\$ 93,955	\$ 94,895	\$ 95,843	\$ 96,802	\$ 97,770	\$ 98,748	\$ 99,735	\$ 100,732	\$ 1,145,089
Rev from (2)/White equipment	\$ 74,182	\$ 166,111	\$ 14,759	\$ 14,906	\$ 15,055	\$ 15,206	\$ 15,358	\$ 15,512	\$ 15,667	\$ 15,823	\$ 15,982	\$ 16,141	\$ 16,303	\$ 16,466	\$ 187,178
Rev from (3)/Electrical works	\$ 75,055	\$ 168,065	\$ 14,932	\$ 15,082	\$ 15,233	\$ 15,385	\$ 15,539	\$ 15,694	\$ 15,851	\$ 16,010	\$ 16,170	\$ 16,331	\$ 16,495	\$ 16,660	\$ 189,380
Rev from (4)/Other	\$ 56,291	\$ 126,409	\$ 11,199	\$ 11,311	\$ 11,424	\$ 11,539	\$ 11,654	\$ 11,771	\$ 11,888	\$ 12,007	\$ 12,127	\$ 12,249	\$ 12,371	\$ 12,495	\$ 142,035
<b>Total Rev</b>	<b>\$ 659,350</b>	<b>\$ 1,476,434</b>	<b>\$ 131,179</b>	<b>\$ 132,491</b>	<b>\$ 133,816</b>	<b>\$ 135,154</b>	<b>\$ 136,506</b>	<b>\$ 137,871</b>	<b>\$ 139,250</b>	<b>\$ 140,642</b>	<b>\$ 142,048</b>	<b>\$ 143,469</b>	<b>\$ 144,904</b>	<b>\$ 146,353</b>	<b>\$ 1,663,683</b>
<b>COGS</b>															
Transport Cost	\$ 129,702	\$ 541,974	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 49,900	\$ 598,800
Phone Cost	\$ 1,560	\$ 6,517	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
<b>Total COGS</b>	<b>\$ 131,262</b>	<b>\$ 548,491</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 50,500</b>	<b>\$ 606,000</b>
<b>Gross Profit</b>	<b>\$ 528,088</b>	<b>\$ 927,943</b>	<b>\$ 80,679</b>	<b>\$ 81,991</b>	<b>\$ 83,316</b>	<b>\$ 84,654</b>	<b>\$ 86,006</b>	<b>\$ 87,371</b>	<b>\$ 88,750</b>	<b>\$ 90,142</b>	<b>\$ 91,548</b>	<b>\$ 92,969</b>	<b>\$ 94,404</b>	<b>\$ 95,853</b>	<b>\$ 1,057,683</b>
<b>Variable Cost</b>															
Salaries	\$ 244,274	\$ 532,616	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 47,697	\$ 572,360
Interests 10%	\$ 26,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depratiation 20%	\$ 24,014	\$ 87,631	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 8,033	\$ 96,400
Clothers	\$ 7,798	\$ 32,584	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
Trainings	\$ 7,211	\$ 15,800	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 16,400
Other VC / 3% of rev	\$ 19,781	\$ 44,293	\$ 3,935	\$ 3,975	\$ 4,014	\$ 4,055	\$ 4,095	\$ 4,136	\$ 4,177	\$ 4,219	\$ 4,261	\$ 4,304	\$ 4,347	\$ 4,391	\$ 49,910
<b>Total VC</b>	<b>\$ 329,263</b>	<b>\$ 712,924</b>	<b>\$ 66,765</b>	<b>\$ 62,705</b>	<b>\$ 62,744</b>	<b>\$ 66,885</b>	<b>\$ 62,825</b>	<b>\$ 62,866</b>	<b>\$ 67,007</b>	<b>\$ 62,949</b>	<b>\$ 62,991</b>	<b>\$ 67,134</b>	<b>\$ 63,077</b>	<b>\$ 63,121</b>	<b>\$ 771,070</b>
<b>Contribution Margin</b>	<b>\$ 198,826</b>	<b>\$ 215,020</b>	<b>\$ 13,914</b>	<b>\$ 19,286</b>	<b>\$ 20,572</b>	<b>\$ 17,770</b>	<b>\$ 23,181</b>	<b>\$ 24,505</b>	<b>\$ 21,742</b>	<b>\$ 27,193</b>	<b>\$ 28,557</b>	<b>\$ 25,835</b>	<b>\$ 31,327</b>	<b>\$ 32,732</b>	<b>\$ 286,612</b>
<b>Fixed Costs</b>															
Advertising Cost	\$ 19,200	\$ 19,200	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 19,200
Membership & Sponsorship	\$ 4,000	\$ 4,000	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 4,000
G&A	\$ 9,050	\$ 9,050	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 9,050
Utilities	\$ 2,040	\$ 2,040	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 2,040
Interests 10%	\$ -	\$ 64,382	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 13,230	\$ 158,757
<b>Total FC</b>	<b>\$ 34,290</b>	<b>\$ 98,672</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 16,087</b>	<b>\$ 193,047</b>
<b>Pre - Tax Profit</b>	<b>\$ 164,536</b>	<b>\$ 116,347</b>	<b>\$ (2,173)</b>	<b>\$ 3,199</b>	<b>\$ 4,484</b>	<b>\$ 1,682</b>	<b>\$ 7,093</b>	<b>\$ 8,417</b>	<b>\$ 5,655</b>	<b>\$ 11,106</b>	<b>\$ 12,470</b>	<b>\$ 9,748</b>	<b>\$ 15,239</b>	<b>\$ 16,645</b>	<b>\$ 93,565</b>
Taxes (20)	\$ 35,355	\$ 23,269	\$ (435)	\$ 640	\$ 897	\$ 336	\$ 1,419	\$ 1,683	\$ 1,131	\$ 2,221	\$ 2,494	\$ 1,950	\$ 3,048	\$ 3,329	\$ 18,713
<b>Net Profit</b>	<b>\$ 129,181</b>	<b>\$ 93,078</b>	<b>\$ (1,739)</b>	<b>\$ 2,559</b>	<b>\$ 3,587</b>	<b>\$ 1,346</b>	<b>\$ 5,675</b>	<b>\$ 6,734</b>	<b>\$ 4,524</b>	<b>\$ 8,884</b>	<b>\$ 9,976</b>	<b>\$ 7,798</b>	<b>\$ 12,191</b>	<b>\$ 13,316</b>	<b>\$ 74,852</b>

APPENDIX 4

Cash Flow Proforma:

HRPS CASH FLOW FROM OPERATING ACTIVITIES														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR	
Cash in flow (1)	\$ 11,648	\$ 13,978	\$ 16,773	\$ 20,128	\$ 24,153	\$ 28,984	\$ 34,781	\$ 41,737	\$ 50,084	\$ 60,101	\$ 72,121	\$ 79,333	\$ 453,822	
Cash in flow (2)	\$ 1,904	\$ 2,285	\$ 2,742	\$ 3,290	\$ 3,948	\$ 4,738	\$ 5,685	\$ 6,822	\$ 8,187	\$ 9,824	\$ 11,789	\$ 12,968	\$ 74,182	
Cash in flow (3)	\$ 1,926	\$ 2,312	\$ 2,774	\$ 3,329	\$ 3,995	\$ 4,793	\$ 5,752	\$ 6,903	\$ 8,283	\$ 9,940	\$ 11,928	\$ 13,121	\$ 75,055	
Cash in flow (4)	\$ 1,445	\$ 1,734	\$ 2,081	\$ 2,497	\$ 2,996	\$ 3,595	\$ 4,314	\$ 5,177	\$ 6,212	\$ 7,455	\$ 8,946	\$ 9,840	\$ 56,291	
<b>TOTAL CASH IN FLOW</b>	<b>\$ 16,923</b>	<b>\$ 20,308</b>	<b>\$ 24,369</b>	<b>\$ 29,243</b>	<b>\$ 35,092</b>	<b>\$ 42,110</b>	<b>\$ 50,532</b>	<b>\$ 60,639</b>	<b>\$ 72,767</b>	<b>\$ 87,320</b>	<b>\$ 104,784</b>	<b>\$ 115,262</b>	<b>\$ 659,350</b>	
<b>Variable Cost</b>	<b>\$ 17,178</b>	<b>\$ 17,077</b>	<b>\$ 19,090</b>	<b>\$ 21,047</b>	<b>\$ 21,223</b>	<b>\$ 22,724</b>	<b>\$ 28,799</b>	<b>\$ 29,102</b>	<b>\$ 31,366</b>	<b>\$ 29,903</b>	<b>\$ 41,097</b>	<b>\$ 43,911</b>	<b>\$ 322,517</b>	
Salaries	\$ 15,123	\$ 14,968	\$ 15,403	\$ 17,450	\$ 17,450	\$ 17,300	\$ 22,103	\$ 22,103	\$ 22,103	\$ 22,103	\$ 29,083	\$ 29,083		
Interests 10%	\$ 500	\$ 500	\$ 500	\$ 960	\$ 960	\$ 960	\$ 1,993	\$ 1,993	\$ 1,993	\$ 1,993	\$ 3,543	\$ 3,543		
Depreciation 20%	\$ 847	\$ 812	\$ 908	\$ 1,360	\$ 1,360	\$ 1,327	\$ 2,387	\$ 2,387	\$ 2,387	\$ 2,387	\$ 3,927	\$ 3,927		
Clothers	\$ 200	\$ 187	\$ 224	\$ 400	\$ 400	\$ 387	\$ 800	\$ 800	\$ 800	\$ 800	\$ 1,400	\$ 1,400		
Trainings	\$ -	\$ -	\$ 1,324	\$ -	\$ -	\$ 1,487	\$ -	\$ -	\$ 1,900	\$ -	\$ -	\$ 2,500		
Other VC / 3% of rev	\$ 508	\$ 609	\$ 731	\$ 877	\$ 1,053	\$ 1,263	\$ 1,516	\$ 1,819	\$ 2,183	\$ 2,620	\$ 3,144	\$ 3,458		
<b>Fixed Cost</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 2,858</b>	<b>\$ 34,290</b>	
Advertising Cost	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600		
Membership & Sponsorship	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333		
G&A	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754	\$ 754		
Utilities	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170	\$ 170		
<b>TOTAL CASH OUTFLOW</b>	<b>\$ 20,035</b>	<b>\$ 19,934</b>	<b>\$ 21,947</b>	<b>\$ 23,905</b>	<b>\$ 24,080</b>	<b>\$ 25,581</b>	<b>\$ 31,657</b>	<b>\$ 31,960</b>	<b>\$ 34,224</b>	<b>\$ 32,760</b>	<b>\$ 43,954</b>	<b>\$ 46,769</b>	<b>\$ 356,807</b>	
<b>NET CASH FLOW</b>	<b>\$ (3,112)</b>	<b>\$ 374</b>	<b>\$ 2,422</b>	<b>\$ 5,338</b>	<b>\$ 11,012</b>	<b>\$ 16,529</b>	<b>\$ 18,876</b>	<b>\$ 28,679</b>	<b>\$ 38,543</b>	<b>\$ 54,560</b>	<b>\$ 60,830</b>	<b>\$ 68,494</b>	<b>\$ 302,543</b>	
Initial Investment	\$ (110,000)		\$ (45,308)		\$ (80,092)				\$ (117,767)					
NPV	\$ (50,623)	Dec'1st year												

HRPS CASH FLOW STATEMENT														
	Initial Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR
<b>CASH OUTFLOW FROM INVESTING</b>		2	2	2	4	4	4	8	8	8	8	14	14	
Payroll	\$ -	\$ 15,123	\$ 14,968	\$ 15,403	\$ 17,450	\$ 17,450	\$ 17,300	\$ 22,103	\$ 22,103	\$ 22,103	\$ 22,103	\$ 29,083	\$ 29,083	\$ 244,274
HQ & Field Furniture	\$ 8,900													\$ 8,900
Cars	\$ 24,000		\$ 24,000			\$ 48,000				\$ 72,000				\$ 168,000
Tools	\$ 3,600		\$ 200			\$ 7,200				\$ 10,800				\$ 21,800
Call Center Technical														
Delivery	\$ 20,000													\$ 20,000
WEB & App Developmnet	\$ 30,000													\$ 30,000
Clothers	\$ 200.00		\$ 200.00			\$ 400.00				\$ 600.00				\$ 1,400
IT Equipments	\$ 17,600.00		\$ 3,200.00			\$ 6,400.00				\$ 9,600.00				\$ 36,800
Short Code	\$ 150.00													\$ 150
<b>Net Cash out from Investing</b>	<b>\$ 104,450</b>	<b>\$ 15,123</b>	<b>\$ 42,568</b>	<b>\$ 15,403</b>	<b>\$ 17,450</b>	<b>\$ 79,450</b>	<b>\$ 17,300</b>	<b>\$ 22,103</b>	<b>\$ 22,103</b>	<b>\$ 115,103</b>	<b>\$ 22,103</b>	<b>\$ 29,083</b>	<b>\$ 29,083</b>	<b>\$ 531,324</b>
<b>Financing</b>														
Own investment	\$ 50,000													
Bank Loans	\$ 60,000		\$ 25,000			\$ 45,000				\$ 45,000				\$ 175,000
Rev Cash		\$ 16,923	\$ 20,308	\$ 24,369	\$ 29,243	\$ 35,092	\$ 42,110	\$ 50,532	\$ 60,639	\$ 72,767	\$ 87,320	\$ 104,784	\$ 115,262	
<b>Net Cash in from financing</b>	<b>\$ 110,000</b>	<b>\$ 16,923</b>	<b>\$ 45,308</b>	<b>\$ 24,369</b>	<b>\$ 29,243</b>	<b>\$ 80,092</b>	<b>\$ 42,110</b>	<b>\$ 50,532</b>	<b>\$ 60,639</b>	<b>\$ 117,767</b>	<b>\$ 87,320</b>	<b>\$ 104,784</b>	<b>\$ 115,262</b>	<b>\$ 884,350</b>
<b>Net cash from operating</b>		<b>\$ 1,800</b>	<b>\$ 2,740</b>	<b>\$ 8,967</b>	<b>\$ 11,793</b>	<b>\$ 642</b>	<b>\$ 24,811</b>	<b>\$ 28,429</b>	<b>\$ 38,536</b>	<b>\$ 2,663</b>	<b>\$ 65,217</b>	<b>\$ 75,701</b>	<b>\$ 86,179</b>	<b>\$ 347,477</b>
Cash Beginning		\$ 5,550	\$ 7,350	\$ 10,089	\$ 19,056	\$ 30,850	\$ 31,492	\$ 56,302	\$ 84,731	\$ 123,267	\$ 125,930	\$ 191,147	\$ 266,848	\$ 353,027
Cash End		\$ 7,350	\$ 10,089	\$ 19,056	\$ 30,850	\$ 31,492	\$ 56,302	\$ 84,731	\$ 123,267	\$ 125,930	\$ 191,147	\$ 266,848	\$ 353,027	<b>\$ 700,503</b>

## APPENDIX 5

## Balance sheet proforma

<b>HRPS Balance Sheet for 31/12/2020</b>			
		<b>Opening</b>	<b>Closing</b>
<b>Current Asset</b>			
	Cash	\$ 110,000	\$ 700,503
	Account Receivables	\$ -	\$ -
<b>Total Current Assets</b>		<b>\$ 110,000</b>	<b>\$ 700,503</b>
<b>Fixed Assets:</b>			
	HQ & Field Furniture	\$ 8,900	\$ 8,900
	Cars	\$ 24,000	\$ 168,000
	Tools	\$ 3,600	\$ 21,800
	Call Center Technical Delivery	\$ 20,000	\$ 20,000
	WEB & App Developmnet	\$ 30,000	\$ 30,000
	Clothers	\$ 200	\$ 1,400
	IT Equipments	\$ 17,600	\$ 36,800
<b>Total Property and Equipment</b>		<b>\$ 104,300</b>	<b>\$ 286,900</b>
<b>Accumulated Depratiation</b>		\$ -	\$ -
<b>Total Property and Equipment (Net)</b>		<b>\$ 104,300</b>	<b>\$ 286,900</b>
<b>Total Assets</b>		<b>\$ 214,300</b>	<b>\$ 987,403</b>
<b>Liabilities &amp; Owner Equity:</b>			
<b>Current Liabilities</b>			
	Account Payable	\$ -	\$ -
<b>Total Current Liabilities</b>		\$ -	\$ -
<b>Long Term Liabilities</b>		\$ 884,350	\$ 884,350
<b>Total Liabilities</b>		<b>\$ 884,350</b>	<b>\$ 884,350</b>
<b>Owner Equity</b>		<b>\$ 50,000</b>	<b>\$ 103,053</b>
<b>Total Liabilities &amp; Equity</b>		<b>\$ 934,350</b>	<b>\$ 987,403</b>