

Business Name : Labib Sanitation

Presented at: 24th Yunus Centre Design Lab (8th Executive Session)

Date: 18 August, 2014



BRIEF BIO OF THE ENTREPRENEUR

| | | |
|--|---|--|
| Name | : | Md. Mintu Mia |
| Marital status | : | Married, Child/ren : 1 son |
| Age | : | 26 years |
| Address | : | Vill: Chitli Rampura, Union: 14 no. Durgapur, Post: Sotibari, Upazila : Mithapukur, District: Rangpur |
| Father Mother (Grameen Bank Borrower) | : | Nur Mohammad Beauty Begum Branch: Sotibari, Centre # 6/MO, Loan no.: 3258, Member since 2007 Existing Loan –40,000, Outstanding-18,000. (Loan is used partially in lease of land and in her son’s business). Other loan: Nil |
| GB loan payback | : | He will provide loan installment from his business. |
| Proposed salary and Utilization | : | Salary Tk. 10,000, will be used to meet his own & family expenses. |
| Education | : | Class Eight |
| Experience | : | 12 years experience in the business (5 years as an employee and 7 years in his own business). He is selling sanitary items like ring, slab, cover and cooker, ventilator, pillar etc. The start up capital was BDT 40,000 and now it’s value is about BDT 150,000 . |
| Source | : | Grameen Krisi Foundation/GTT |

Proposed Business Briefing

- Business Name : ***Labib Sanitation***
- Shop location: Boro Dorga, Soti Bari, Rangpur
- Total Investment: **BDT 300,000**

Financing:

- ❖ Self **BDT 150,000** (from existing business)
- ❖ Required Investment **BDT 150,000** (as equity)

➤ **Implementation:**

The business is planned to be scaled up by investment in existing products as well as two new products. The targeting break even point is within the **first year** & pay back period is estimated to be **three years**.

Existing Business

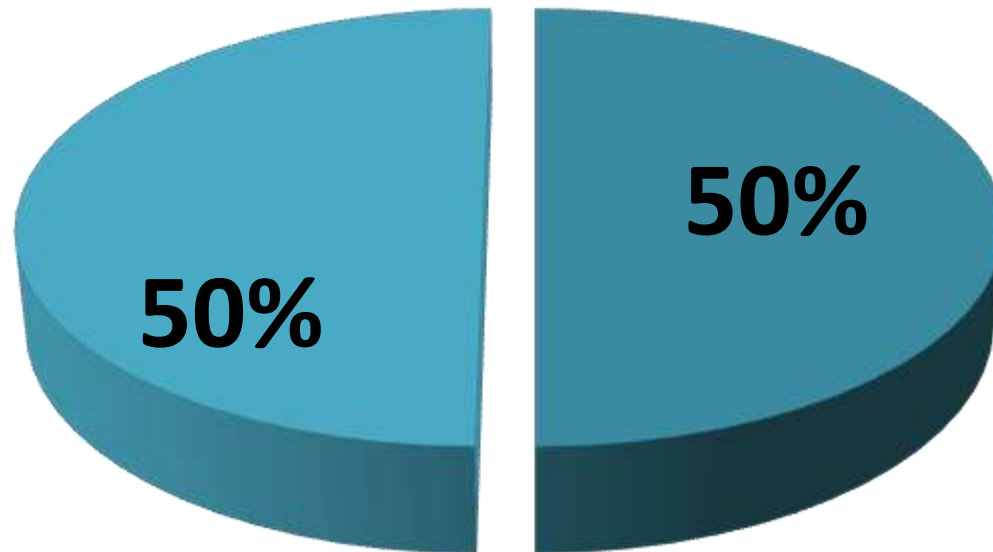
| Particulars | Existing Business (BDT) | | |
|--|-------------------------|---------------|----------------|
| | Daily | Monthly | Yearly |
| Estimated Sales Revenue | 3,000 | 78,000 | 936,000 |
| Total Sales (A) | 3,000 | 78,000 | 936,000 |
| Calculation of Variable Cost: | | | |
| <i>Less: Variable Cost:</i> | | | |
| Estimated cost of product including labor cost | 2,250 | 58,500 | 702,000 |
| Total Variable Cost (B) | 2,250 | 58,500 | 702,000 |
| Contribution Margin (CM) [C=(A-B)] | 750 | 19,500 | 234,000 |
| <i>Less: Fixed Cost:</i> | | | |
| Electricity bill | | 300 | 3,600 |
| Shop Rent | | 600 | 7,200 |
| Salary- Self | | 10,000 | 120,000 |
| Night Guard bill | | 100 | 1,200 |
| Transport | | 700 | 8,400 |
| Others | | 500 | 6,000 |
| Depreciation Expenses | | 308 | 3,700 |
| (D) Total Fixed Cost | | 12,508 | 150,100 |
| (C-D) Net Profit: | | 6,992 | 83,900 |

Investment Breakdown

| Particulars | Existing Business (BDT) | Proposed (BDT) | Total (BDT) |
|---|--------------------------------|-----------------------|--------------------|
| Investment in Goods –Ring | 42,600 | - | 42,600 |
| Investment in Goods -Slab, Cover, Pillar | 30,350 | - | 30,350 |
| Investment in Goods -Readymade Pillar | - | 90,000 | 90,000 |
| Investment in Goods -Ventilator, Tally | 10,000 | - | 10,000 |
| Investment in Raw Materials- cement, sand, cable , brick chips etc. | 22,750 | 60,000 | 82,750 |
| Forma and Structure | 37,000 | - | 37,000 |
| Decoration | 7,300 | - | 7,300 |
| Total Capital | 150,000 | 150,000 | 300,000 |

Source of Finance

- Investor's Investment BDT 150,000
- Entrepreneur's Contribution BDT 150,000
- Total BDT 300,000



Key assumptions for forecasting

- Sales growth will be about 35% in 1st year and 10% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 25% on an average.
- Depreciation has been charged on fixed assets at the rate of 10% .

Financial Projection

| Particulars | Year 1 (BDT) | | | Year 2 (BDT) | | | Year 3 (BDT) | | |
|--------------------------------------|--------------|----------------|------------------|--------------|----------------|------------------|--------------|----------------|------------------|
| | Daily | Monthly | Yearly | Daily | Monthly | Yearly | Daily | Monthly | Yearly |
| Estimated Sales Revenue | 4,050 | 105,300 | 1,263,600 | 4,455 | 115,830 | 1,389,960 | 4,901 | 127,413 | 1,528,956 |
| Total Sales (A) | 4,050 | 105,300 | 1,263,600 | 4,455 | 115,830 | 1,389,960 | 4,901 | 127,413 | 1,528,956 |
| Calculation of Variable Cost: | | | | | | | | | |
| Less: Variable Cost: | | | | | | | | | |
| Estimated cost of product inc | 3,038 | 78,975 | 947,700 | 3,341 | 86,873 | 1,042,470 | 3,675 | 95,560 | 1,146,717 |
| Total Variable Cost (B) | 3,038 | 78,975 | 947,700 | 3,341 | 86,873 | 1,042,470 | 3,675 | 95,560 | 1,146,717 |
| Contribution Margin (CM) | 1,013 | 26,325 | 315,900 | 1,114 | 28,958 | 347,490 | 1,225 | 31,853 | 382,239 |
| Less: Fixed Cost: | | | | | | | | | |
| Electricity bill | | 300 | 3,600 | | 300 | 3,600 | | 350 | 4,200 |
| Shop Rent | | 600 | 7,200 | | 600 | 7,200 | | 600 | 7,200 |
| Salary- Self | | 10,000 | 120,000 | | 10,500 | 126,000 | | 11,000 | 132,000 |
| Night Guard bill | | 100 | 1,200 | | 100 | 1,200 | | 100 | 1,200 |
| Transport | | 700 | 8,400 | | 800 | 9,600 | | 850 | 10,200 |
| Others | | 500 | 6,000 | | 500 | 6,000 | | 500 | 6,000 |
| Depreciation Expenses | | 308 | 3,700 | | 308 | 3,700 | | 308 | 3,700 |
| Ownership Transfer Fees | | - | - | | 1,167 | 14,000 | | 1,333 | 16,000 |
| (D) Total Fixed Cost | | 14,508 | 174,100 | | 16,275 | 195,300 | | 17,042 | 204,500 |
| (C-D) Net Profit: | | 11,817 | 141,800 | | 12,683 | 152,190 | | 14,812 | 177,739 |
| Cumulative Net Profit: | | | 141,800 | | | 293,990 | | | 471,729 |

Cash flow (Rec. & Pay.)

| <i>Particulars</i> | <i>Year 1 (BDT)</i> | <i>Year 2 (BDT)</i> | <i>Year 3 (BDT)</i> |
|---|---------------------|---------------------|---------------------|
| Cash Inflow | | | |
| Investment Infusion by Investor | 150,000 | - | - |
| Net Profit (Ownership Tr. Fee added back) | 141,800 | 166,190 | 193,739 |
| Depreciation | 3,700 | 3,700 | 3,700 |
| Opening Balance of Cash Surplus | - | 127,500 | 213,390 |
| Total Cash Inflow | 295,500 | 297,390 | 410,829 |
| Cash Outflow | | | |
| Purchase of Product | 150,000 | - | - |
| Payment of Grameen Bank Loan | 18,000 | - | - |
| Investment Pay Back (Including Ownership Tr. Fee) | - | 84,000 | 96,000 |
| Total Cash Outflow | 168,000 | 84,000 | 96,000 |
| Total Cash Surplus | 127,500 | 213,390 | 314,829 |

Break Even Point analysis

| Particulars | Monthly | Yearly |
|---------------------------------------|---------|---------|
| Contribution Margin Ratio: (CM/Sales) | 25% | 25% |
| | | |
| Break Even Point (BEP): | 14,508 | 174,100 |
| | 25% | 25% |
| Break Even Point (in Tk.) | 58,033 | 696,400 |

SWOT Analysis

STRENGTH

- Employment-Self 1, family 0, Other 3
- Experience & Skill (12Y)
- Trade license & ownership in his own name
- Keeping books of records
- Non perishable item

OPPORTUNITIES

- Two days Hat in a week.
- Less competitors (2 similar small shops)
- Located in bazaar and side of Highway
- It has seasonal effect.
- Major supplier of BRAC in that Union.
- The capital of Entrepreneur will be Tk. 4,72,000 after 3 years.

WEAKNESS

- Can not provide products as per demand

THREATS

- Possible increase of competitor
- Loss of suppliers

Pictures





1. 10x10 - 1000x1000 = 1000000
 2. 8x8 - 6400x6400 = 40960000
 3. 6x6 - 3600x3600 = 12960000
 4. 4x4 - 1600x1600 = 2560000
 5. 2x2 - 400x400 = 160000
 6. 1x1 - 100x100 = 10000
 7. 3x3 - 900x900 = 810000
 8. 5x5 - 2500x2500 = 6250000
 9. 7x7 - 4900x4900 = 24010000
 10. 9x9 - 8100x8100 = 65610000
 11. 11x11 - 12100x12100 = 146410000
 12. 13x13 - 16900x16900 = 285610000
 13. 15x15 - 22500x22500 = 506250000
 14. 17x17 - 28900x28900 = 835210000
 15. 19x19 - 36100x36100 = 1303210000
 16. 21x21 - 44100x44100 = 1944810000
 17. 23x23 - 52900x52900 = 2788810000
 18. 25x25 - 62500x62500 = 3906250000
 19. 27x27 - 72900x72900 = 5314410000
 20. 29x29 - 84100x84100 = 7062100000
 21. 31x31 - 96100x96100 = 9223210000
 22. 33x33 - 108900x108900 = 11764810000
 23. 35x35 - 122500x122500 = 15006250000
 24. 37x37 - 136900x136900 = 18768100000
 25. 39x39 - 152100x152100 = 23180100000
 26. 41x41 - 168100x168100 = 28328100000
 27. 43x43 - 184900x184900 = 34200100000
 28. 45x45 - 202500x202500 = 41006250000
 29. 47x47 - 220900x220900 = 48832100000
 30. 49x49 - 240100x240100 = 57770100000
 31. 51x51 - 260100x260100 = 67820100000
 32. 53x53 - 280900x280900 = 78982100000
 33. 55x55 - 302500x302500 = 91256100000
 34. 57x57 - 324900x324900 = 105744100000
 35. 59x59 - 348100x348100 = 122448100000
 36. 61x61 - 372100x372100 = 141370100000
 37. 63x63 - 396900x396900 = 157568100000
 38. 65x65 - 422500x422500 = 178125000000
 39. 67x67 - 448900x448900 = 202052100000
 40. 69x69 - 476100x476100 = 228360100000
 41. 71x71 - 504100x504100 = 257050100000
 42. 73x73 - 532900x532900 = 288121000000
 43. 75x75 - 562500x562500 = 321062500000
 44. 77x77 - 592900x592900 = 355884100000
 45. 79x79 - 624100x624100 = 393584100000
 46. 81x81 - 656100x656100 = 434164100000
 47. 83x83 - 688900x688900 = 477624100000
 48. 85x85 - 722500x722500 = 523964100000
 49. 87x87 - 756900x756900 = 573184100000
 50. 89x89 - 792100x792100 = 625284100000
 51. 91x91 - 828100x828100 = 680264100000
 52. 93x93 - 864900x864900 = 738124100000
 53. 95x95 - 902500x902500 = 808864100000
 54. 97x97 - 940900x940900 = 882484100000
 55. 99x99 - 980100x980100 = 969084100000
 60. 100x100 - 10000x10000 = 100000000

Metro IV

56. 10x10 - 1000x1000 = 1000000
 58. 8x8 - 6400x6400 = 40960000
 59. 6x6 - 3600x3600 = 12960000
 60. 4x4 - 1600x1600 = 2560000
 61. 2x2 - 400x400 = 160000
 62. 1x1 - 100x100 = 10000
 63. 3x3 - 900x900 = 810000
 64. 5x5 - 2500x2500 = 6250000
 65. 7x7 - 4900x4900 = 24010000
 66. 9x9 - 8100x8100 = 65610000
 67. 11x11 - 12100x12100 = 146410000
 68. 13x13 - 16900x16900 = 285610000
 69. 15x15 - 22500x22500 = 506250000
 70. 17x17 - 28900x28900 = 835210000
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 72. 21x21 - 44100x44100 = 1944810000
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 78. 33x33 - 108900x108900 = 11764810000
 79. 35x35 - 122500x122500 = 15006250000
 80. 37x37 - 136900x136900 = 18768100000
 81. 39x39 - 152100x152100 = 23180100000
 82. 41x41 - 168100x168100 = 28328100000
 83. 43x43 - 184900x184900 = 34200100000
 84. 45x45 - 202500x202500 = 41006250000
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 107. 91x91 - 828100x828100 = 680264100000
 108. 93x93 - 864900x864900 = 738124100000
 109. 95x95 - 902500x902500 = 808864100000
 110. 97x97 - 940900x940900 = 882484100000
 111. 99x99 - 980100x980100 = 969084100000
 112. 100x100 - 10000x10000 = 100000000

Metro IV





Thank You