



EMPIRICAL INNOVATION.CO



**FACULTY OF ACCOUNTANCY**  
**MAC2204E**

**PRINCIPLES OF ENTREPRENEURSHIP**  
**ENT530**

**SEMESTER 4**

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## 1.0 EXECUTIVE SUMMARY

Our business, Empirical Innovation co. is located at No. 25 Jalan 1/27D, Seksyen 10, Subang Jaya. Our company, Empirical Innovation co. is run on a partnership business which consists of five members. Our business consists of a person who holds a position of general manager, financial manager, operational manager, marketing manager and organizational manager. In this business plan, we provide an organizational plan, marketing plan, financial plan, and operational plan for our use of targeted customers.

Our product is a dryer hanger. We are inspired to do this product because it is a rare high technology product and it is not well known in Malaysia, however we believe that this will be a great opportunity to market this product in Malaysia. We are targeting people who have a problem with the limited laundry drying space and are busy with work. This also can help to lessen the burden of people doing their chores, by hanging their clothes at home when the rainy season is coming.

Our mission is “we strive to give our customer satisfaction in home furnishing products at affordable prices as they are going their daily life” as our main importance is our customer satisfaction towards the product. As we know, customer satisfaction is one of the keys for any business to grow well and achieve a good reputation for our company. Our product is easy to use, and this will help our customer solve their problem. This also will improve their “everyday life”. The price is very reasonable and affordable as everyone will have a chance to buy it.

Empirical Innovation co. launch the dryer hanger on the online platform to ensure people can recognize their product quickly since people nowadays spend their time surfing the internet. Our product, dryer hanger, can also be found at the supermarket such as Pacific and Lotus if they want to see it physically. As for now, Empirical Innovation co. is the only local company that produces dryer hangers in Malaysia.

Our product capital starts from RM 500 000. All the partners contribute equally for RM 100 000 since we already conspired to build this business together. We face losses for our business in the first year of launching but growth in the next 2 years. We are sure that our business will have the potential for market growth and hope that it will be well-known not only in Malaysia but internationally.

## 2.0 COMPANY PROFILE

- Details of company name and logo



Figure 1: company's logo

|                      |   |
|----------------------|---|
| Name of Company      | Empirical Innovation.Co   |
| Business Address     | Lot 4539, Kawasan Perindustrian Subang, 47630, Subang Jaya, Selangor. |
| Email                | Empiricalinnovation@gmail.com   |
| Telephone Number     |   |
| Form of Business     | Partnership   |
| Main Activity        | Produce dryer hanger  |
| Date of Commencement | 1st January 2018  |
| Date of Registration | 3rd March 2016  |
| Bank Account Number  |   |
| Name of Bank         | Maybank   |

Table 1: Company's profile

- **Company Background**

Empirical Innovation Co. is built up as a company which produces advanced technology. Our main product is a dryer hanger which is an innovation from a regular hanger. The company is formed by five partners of members which are Nur Zalikha Binti Mohd Shahbuddin, Nur Natasya Syuhada Binti Roslan, Nurien Amyrah Binti Abdul Shukor, Nur Afiqah Binti Zakaria and Nur Nadia Binti Zuber. Our company is located at Subang Jaya, Selangor, Malaysia. The business has started since 2018 and until now.

We noticed that some people are still struggling in drying their clothes. Consequently, we decided to launch this dryer hanger. Hence, this will help them to solve the problems. Other than to help them in drying their clothes, this also will save their time in a day. They can spend their time doing other activities. Empirical Innovation Co. uses the advanced technology in producing this dryer hanger. We believe that this technology will enhance the quality of lives for everyone. Our product also can be used at every level of age.

On top of that, Empirical Innovation Co. has started the business with capital RM500 000. Our financial manager has other members to provide RM100 000 each since this company adopts the profit or loss ratio equally. Any net profits or losses may accrue to the partnership shall be distributed or be borne by the partners in equal propositions.

## **MISSION**

We strive to give our customer satisfaction in home furnishing products at affordable prices as they are going their daily life

- Ease of use in using the product
- Provide reasonable and affordable price

## **VISION**

Fast, Easy and Powered by technology

- Technology can enhance the quality lives for everyone
- Saves the time

### 3.0 ENVIRONMENTAL INDUSTRY ANALYSIS

#### 3.1 OVERALL NATURE OF THE INDUSTRY

We always face the problem of drying clothes, especially on rainy days. Sometimes we do not have clothes to wear today as so many clothes are not being dry yet. To buy a dryer machine is too expensive and sometimes will not fit in the space of a tiny house that will have a limited laundry space. After a few discussions and observations, we made among our partners, we have decided to produce a product that is featured with a high technology invention which is dryer hanger. We made a study and trial that our product, a dryer hanger, is very convenience, saves time as it can dry the clothes in only a few minutes using a motor-driven fan strand of clothing and the heating element in the dryer hanger converts electrical energy into convective heat instead of drying the clothes under the sun. It also can dry many clothes at one time. Hence, it will save electricity.

#### 3.2 NOTE TRENDS

##### 3.2.1 Environmental and business trends

Our dryer hanger is built to dry clothes quickly and can sterilize them from bacteria and other living organisms. This dryer hanger uses positive temperature coefficient (PTC) heating technology with great efficiency, low power consumption, and superior safety. By introducing this product to the people, we believe that it can help them as there are many advantages that we provide.

Furthermore, nowadays people are very particular about time management. They tend to do or buy anything that can lessen their time consumption and make their life easier. Not only that, but they also want something that is very handy and easy to use. Our product is the best answer for that. We provide a hanger dryer that will make their life easier.

With the effortless touch of turning on the switch, it helps them to dry their clothes in less than 5 minutes and is also very hygienic as it will sterilize the clothes from bacteria and any germs. It is also very light and easy to carry anywhere. We are confident that our business will have the capability to expand more as we understand what people need.

### 3.3.2 Competitor

Since we produce a dryer hanger, we have not seen yet another competitor that produces the same product as us. Basically, competitor relates how a company adapts to the business environment to ensure that we can compete effectively in a healthy way. Therefore, our business will operate better as there is no competitor to compete with our business operation and it is one of our advantages.

### 3.3.3 Demographics

For the demographic segmentation, it divides people into groups based on their age, gender, generation, nationality, and occupation. Since we are concerned with our customer, we provide our product with user friendly. We launched a product with high technology invention for any range of ages even kids can use it. We highly recommend our product for people at age 10 and above since our product is an electronic product. It is suitable to be used by the young people and elderly generation. For the gender, both are suitable to use. We also specialized our product to those who are busy with work as they do not have enough time to dry their clothes properly. For now, we only focus on Malaysian peoples since we have not yet marketed our product to the international market.

### 3.3.4 Economic

All countries in this world have faced economic fluctuation including Malaysia. Fluctuation is the rise or decline rate of income of the country. In 2020, the whole world faced the same issue which is declining in fluctuation due to pandemic covid-19 that attacks the whole world including Malaysia. This has affected the employment rate that has drastically decreased the job intake and many Malaysians have lost their job due to this situation. Hence, our company has taken action to help them by hiring agents & dropships through Facebook, Instagram, Telegram & WhatsApp. By giving them this opportunity, they can make their own main and side income despite being at home. This also has reduced the unemployment rate in Malaysia as until now, we have employed more than 1000 agents and more than 2000 drop shipper. Our product is very easy to sell. We also have given them free classes to guide them on how to increase their customer and sales. We can see that they are very thankful for the opportunity that we gave. As until now, we can reach total industry sales over five years is RM 134 253 900.

### 3.3.5 Cultural

In our country, Malaysia, we have a variety of cultures, religions, and backgrounds. Even though each of the cultures have different ways in having their life, thus, this is not a major problem for Malaysians to get drivers with different races or religions. Malaysia is also well known as a peaceful country. On top of that, since our country had been affected by the pandemic, everyone stays at their home, the impact is huge in the hotel industry. Nevertheless, some people are being quarantined at the hotel. Besides, our company offered our innovative product to some hotels. This will help their customers who stay in the hotel easily drying their clothes without any problem. As for now, our product is still in high demand since the working sector runs like usual and workers really need our product in drying their clothes. Furthermore, Malaysia now is currently transforming into the next level of advanced technology. Based on the Malaysia Digital Economy Blueprint, Malaysia will become a high value-added economy and a net exporter of home-grown technologies and solutions. Hence, our company's product has very special features that use technology to make it function effectively. This is the reason why we started to build our company at Subang Jaya, Selangor as a main industrial area and has excellent accessibility as it is connected to Kuala Lumpur, Shah Alam and Petaling Jaya.

### 3.3 KEY SUCCESS FACTORS

For our company, key success factors are very important in determining the goals and ways to accomplish it. First and foremost, we ensure that in our business plan, we provide an organisational plan, marketing plan, financial plan, and operational plan for our use of targeted customers. As a new venture in the business industry, we always monitor anything related to the nature of the industry and note trends. Other than that, we were concerned with the price of our product and customers' needs. It is because we would like to produce a product that is reasonable for everyone to get. As for the customer's needs, we can see that people in Malaysia are willing to spend their money for the good purpose that can save their time and convenient for their daily use.

## 4.0 DESCRIPTION OF VENTURE



Figure 2: The Product

### 4.1 PRIMARY USE, BENEFIT AND UNIQUE FEATURES

The hanger dryer's primary use is to dry clothes quickly. Empirical Innovation Co. also produces this product that can also sterilize clothes from bacteria and other living organisms by using an innovative idea. Other than that, we are concerned with the result of our product to satisfy customers' needs. The benefit of using our product, hanger dryer, is that it can make our lives easier as it effortlessly can dry our clothes anywhere and anytime. Therefore, it can be easily used immediately. In addition, it can minimize space in our house. For example, we can hang it anywhere rather than buy a dryer machine that is very costly and needs a lot of space to put it in. Moreover, Empirical Innovation Co. is designed with unique features that are related with our company's name, empirical innovation. We use a small fan that looks like a hydraulic turbine to dry the clothes. Next, the air flow will be generated by the electrical energy and can control the setting for the heat air flow based on the cloth material used. There is also a timer that we provide to set the timer for drying if needed. We also design it with full benefits as it can handle the dehumidification, sterilization and anti-odor while sterilizing them from bacteria and other living organisms. Besides, this dryer hanger uses PTC heating technology with great efficiency, low power consumption, and superior safety so that everyone in all ages is suitable to use it. Furthermore, the automated transition between hot and cold

wind speeds up drying and smoothest out the clothes. The dryer hanger dries our clothing by accelerating the evaporation of water from the surface of the cloth. A dryer hanger's hot air raises the temperature of the air around each strand of clothing. The motor driven fan and the heating element in the dryer hanger convert electric energy into convective heat.

#### 4.2 THE PROBLEM

Workers, students and housewives or anyone that might face a problem drying clothes on a rainy day. The clothes will be wet, smelly and might create bacteria. The workers also sometimes do not have time to dry their clothes well. Hence, with a hanger dryer, it will save their time. Next, people with limited laundry drying space.

#### 4.3 VALUE PROPOSITION

Our hanger dryer is different from the existing dryer hanger as our company, The Empirical Innovation Co. has innovated the use of dryer hanger. We have added a new technology which includes unique features as it can handle the dehumidification, sterilization and anti-odor while sterilizing them from bacteria and other living organisms. We also use a motor driven fan and the heating element in the dryer hanger converts electrical energy into convective heat. It is also very convenient as we can bring the hanger dryer anywhere. It will attract the consumer to buy our product and be satisfied with our innovation. The Empirical Innovation Co. hanger dryer also can set the timer for drying regards to the material of clothes.



#### 4.4 DEMONSTRABLE CUSTOMER DEMAND

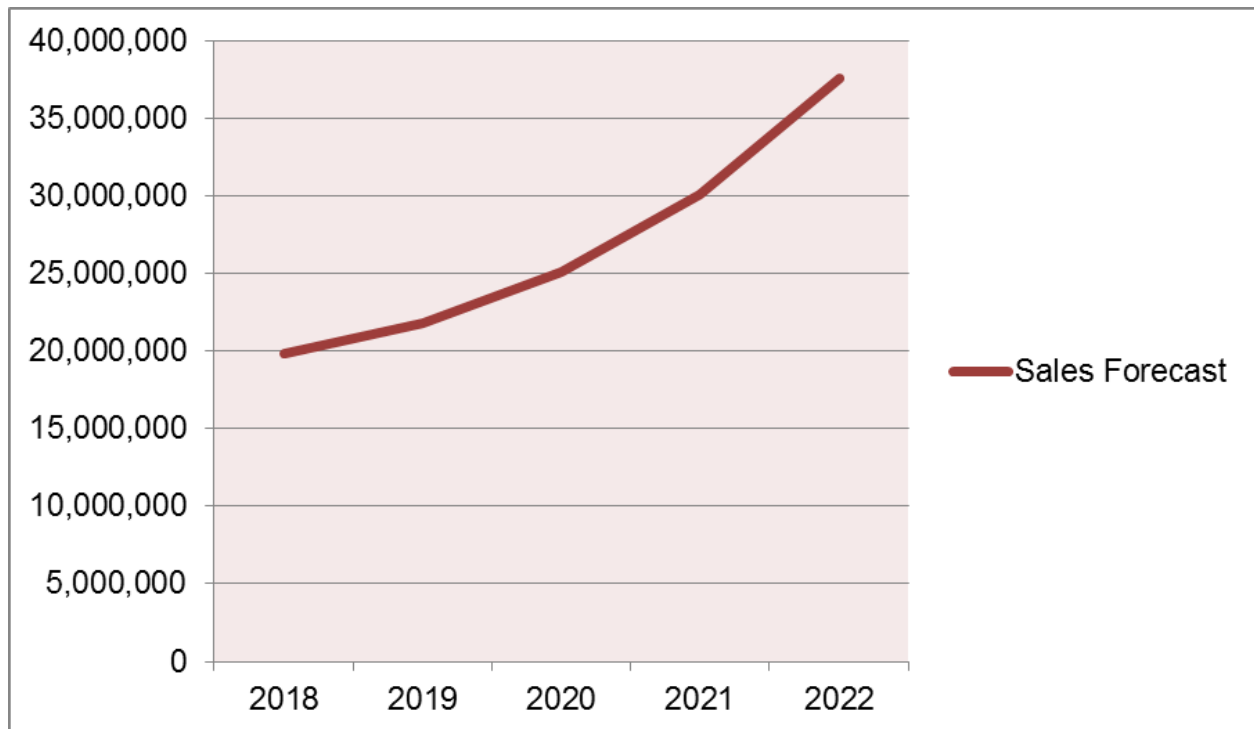


Figure 3: Data of Hanger Dryer demand in the market.

The figure shows the data of hanger dryer demand in the market. It can be proven that our product is needed by mostly students, workers, and housewives as it can help them to dry the clothes. They can wash the clothes and immediately dry it using the hanger dryer. Despite, the fact that there are other shops on the market which can be as our existing competition, The Empirical Innovation products differ from those competitors as we improve the hanger into the hanger dryer by including unique features that are very innovative. Furthermore, our hanger dryer is also easy to get, and the price is very reasonable so everyone can buy it without hesitation.

#### 4.5 MAJOR EVENTS THAT WILL TAKE PLACE IN THE SHORT AND LONG-TERM FUTURE

During 2016, our company has planned on what product we're going to sell. At this time, we have done research & development on our chosen product, hanger dryer. We do some research through google and expertise. Not to forget, we also have gone through social media to discover what is the major problem that Malaysians face. After the final decision, we registered our enterprise with SSM. In 2017, we completed the design and all the features to our product and signed a distribution agreement with our dealers at the market. We successfully launched our product in 2018 without any major and minor problems. Hence, we seen that the demand of the hanger dryer was high, so we decided to increase the production and open for a new agent, dropship, and dealers.

For short term events, we have paid well known artists and influencers to promote our product in their social media. Not only that, we also have used the Facebook & YouTube advertisement to advertise our product. It will attract more customers to buy our product. On the other hand, for long term events, we have entered well known reseller companies such as Seng Heng, Aeon Mall (electronic section) and many more electronic reseller stores. By these, we can secure our long-term selling. Other than that, this step will increase the trust in our products by the customers. Next, we also had already planned on how to enhance our quality and design of our product. This plan is to give the new experience for the customers and follow the trend in the electronics sector based on current and future demand.

## 5.0 MARKETING ANALYSIS AND COMPETITION

### 5.1 Description of product/services

Our company, The Empirical Innovation has created a hanger dryer in several types of color. Our products are portable with compact foldable designs. This compact portable design produces both a hot and cold airflow to dry and refresh your clothes. We used quality material to make our products. This hanger dryer is made for and can be used by everyone, especially students and housewives. We also offer our customers very affordable and reasonable prices as they do not have to invest a fortune in other products.

### 5.2 Market Segmentation

#### 1) Demographic segmentation

Based on our study, we discovered that our target market included people from all economic levels, especially students and housewives, as well as both male and female genders. This group of people may find and use our products because our products are designed for those who are constantly drying their clothing and have trouble drying them. In general, our product is suitable for individuals of all ages and genders since the products are frequently used in daily life, making it suitable for people of all ages. There is no need to be concerned because it is completely safe for people of all ages.

#### 2) Geographical segmentation

The primary geographic segmentation targets for our business are in the central region states that consist of Selangor (Subang Jaya), since our business is located at Lot 4539, Kawasan Perindustrian Subang, 47630, Subang Jaya, Selangor. We selected these states for our business based on a few aspects, including infrastructures, transportation, environment, the availability of various residential areas with a significant population and our premises are also easily found on maps since it is a strategic location. Besides, these places provide several benefits, such as the possibility to attract customers from the surrounding residential area to acquire our hanger dryer. And it will be easy for us to promote and advertise our product since it has a

good direct market access. We'd want to set up our products at the shop because it has enough space for us to keep them.

### 5.3 Target Market

The Empirical Innovation Co. wants to satisfy the needs of customers by selling hanger dryers. The Empirical Innovation Co.'s target market or community is persons who have problems drying their clothes and garments quickly and easily. Although there are many varieties of hangers on the market, our products are unique from others because they have special features that allow the clothing to dry faster and conveniently. By selling this special hanger dryer, it will give a higher profit to our business as people love new, viral, and conveyable items nowadays.

We do our research to ensure that marketing efforts meet the requirements and desires of customers, we identify and target certain categories of customers. It is much easier to establish where and how to sell our products when we have a well-defined audience. We have decided our specific target market. It does not mean we only focus on this group of people and ignore others as the other group is our secondary market and could also bring income to our business. Besides, we deliver to customers in Subang Jaya, Selangor. This enables customers to buy our items easily and simply.

They may pick from a variety of payment options, including online banking, credit card, e-wallet, and cash on delivery. Our customers may enjoy our products by buying them in our online stores such as Shoppe and Lazada and saving time by avoiding the need to visit a real store. Other than that, our social media manager will maintain our website and social media, then it is easy for customers to purchase and contact us through website, WhatsApp, Instagram, and Facebook.

#### 5.4 Market Size

| Market Segment | Population | Target Market (%) | Target Market |
|----------------|------------|-------------------|---------------|
| Students       | 200,500    | 50%               | 100,250       |
| Housewives     | 150,500    | 35%               | 52,675        |
| Retail shop    | 60,500     | 15%               | 9,075         |
| TOTAL          | 411,500    | 100%              | 162,000       |

**Table 2: Target market**

| Products     | Quantity per box | Price per item | Price per box |
|--------------|------------------|----------------|---------------|
| Hanger Dryer |                  |                |               |
| • White      | 1                | RM 200         | RM 200        |
| • Silver     | 1                | RM 200         | RM 200        |
| • Blue       | 1                | RM 200         | RM 200        |
| • Pink       | 1                | RM 200         | RM 200        |

**Table 3: Product's price**

Note:

1 unit = 1 box

1 box = 1 type of product

### Sales Forecast of Potential Repeat-Purchase Volume

| Month                           | Sales         | Sales Amount (RM) |
|---------------------------------|---------------|-------------------|
| 1                               | RM200 x 6500  | 1,300,000         |
| 2                               | RM200 x 7500  | 1,500,000         |
| 3                               | RM200 x 7000  | 1,400,000         |
| 4                               | RM200 x 7500  | 1,500,000         |
| 5                               | RM200 x 8000  | 1,600,000         |
| 6                               | RM200 x 9000  | 1,800,000         |
| 7                               | RM200 x 8500  | 1,700,000         |
| 8                               | RM200 x 9000  | 1,800,000         |
| 9                               | RM200 x 8500  | 1,700,000         |
| 10                              | RM200 x 7500  | 1,500,000         |
| 11                              | RM200 x 9500  | 1,900,000         |
| 12                              | RM200 x 10500 | 2,100,000         |
| Year 2018                       |               | 19,800,000        |
| Year 2019<br>(Increased by 10%) |               | 21,780,000        |
| Year 2020<br>(Increased by 15%) |               | 25,047,000        |
| Year 2021<br>(Increased by 20%) |               | 30,056,400        |
| Year 2022<br>(Increased by 25%) |               | 37,570,500        |

**Table 4: Sales Forecast of Potential Repeat-Purchase Volume**

## 5.5 Market effect to economic or demographic changes

Demographic change can have an impact on the economy's underlying growth rate, structural productivity growth, living standards, savings rates, consumption, and investment; it can also have an impact on the long-run unemployment rate and equilibrium interest rate, housing market trends, and financial asset demand. The COVID-19 outbreak has had a significant influence on retail industries throughout the world, since required home stay orders have forced numerous stores and small companies to closure for months. As customers sought alternative shopping choices because of the closures, internet firms witnessed a substantial boost in sales, compounding the retail apocalypse.

As a result, The Empirical Innovation Co. has decided to sell its hanger dryer via internet channels including WhatsApp, Instagram, and Facebook. Our customers' health will be better protected since they will not be infected with the Covid-19 virus even though we are now in an endemic phase, and our delivery driver will be able to bring it all the way to their home. Furthermore, natural disasters such as severe rains, flash floods, and storms might have an impact on the business of The Empirical Innovation Co. Due to the unpredictable weather, this will slow down our delivery process and put the lives of our delivery riders in danger. Our aim of providing more agents or drop shipper could not be met on time, which will cause our procedure to be slowed.

## 5.6 Market Share

| Competitor             | Before Entrance (%) | Amount (RM)       |
|------------------------|---------------------|-------------------|
| MyHome Trading Sdn.Bhd | 70                  | 61,236,000        |
| others                 | 30                  | 26,244,000        |
| <b>TOTAL</b>           | <b>100</b>          | <b>87,480,000</b> |

**Table 5: Market share before the entry of The Empirical Innovation Co.**



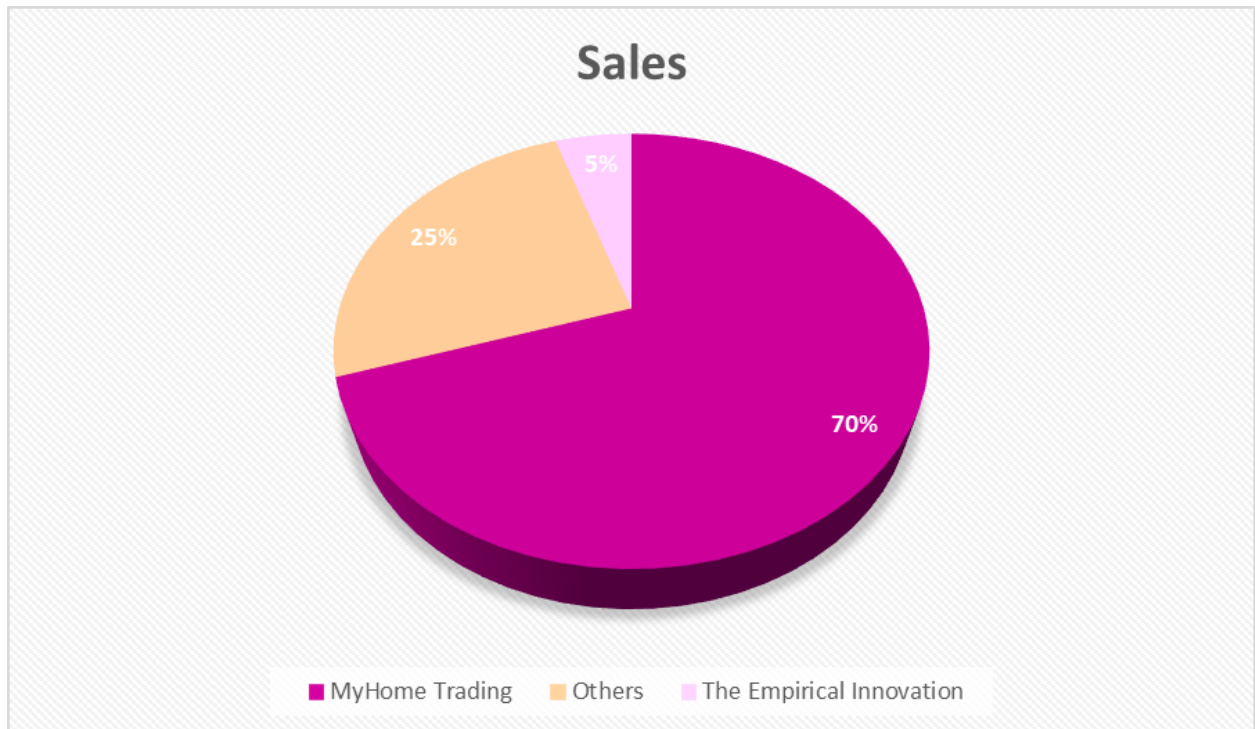
**Chart 1: Pie Chart of market share before the entry of The Empirical Innovation Co.**

| Competitor             | After Entrance (%) | Amount (RM) | Percentage of loss (%)          |
|------------------------|--------------------|-------------|---------------------------------|
| MyHome Trading Sdn Bhd | 70                 | 61,236,000  | Differentiation before and loss |
| others                 | 25                 | 21,870,000  | Differentiation before and loss |



|                              |            |                   |                                 |
|------------------------------|------------|-------------------|---------------------------------|
| The Empirical Innovation Co. | 5          | 4,374,000         | Differentiation before and loss |
| <b>TOTAL</b>                 | <b>100</b> | <b>87,480,000</b> |                                 |

**Table 6: Adjusted Market share after the entry of The Empirical Innovation Co.**



**Chart 2: Pie Chart of market share after the entry of The Empirical Innovation Co.**

| Product/Service Market Share and Sales |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
|  | Year       |            |            |            |            |
|  | 2018       | 2019       | 2020       | 2021       | 2022       |
| Market Share (%)                       | 5%         | 10%        | 15%        | 20%        | 25%        |
| Total sales in units                   | 99,000     | 108,900    | 125,235    | 150,282    | 187,853    |
| Total sales in RM                      | 19,800,000 | 21,780,000 | 25,047,000 | 30,056,400 | 37,570,500 |

**Table 7: Market share and sales**

#### 5.6.4 Barriers to Entry

As The Empirical Innovation is a new entrant in this industry, we have decided to focus on product differentiation to set ourselves apart from the competition. Despite, the fact that there are other shops on the market, The Empirical Innovation products differ from those competitors in that we improve the basic hanger into the hanger dryer by including new features that are high-quality, portable, and convenient in our business. Most importantly, we offer cheap pricing to our consumers, as prices for new features of items on the market can be rather high. Besides, every three months, our company will upgrade new features in our hanger dryer to increase the products such as new technology and attract customers to visit our store.

#### 5.7 Competition and Competitive Edges

##### 5.7.1 Identifying competitors

| Competitors            | Strengths  | Weakness   |
|------------------------|--|--|
| MyHome Trading Sdn Bhd | <ul style="list-style-type: none"><li>• The name MyHome have a popularity which they sell a high-quality product</li><li>• MyHome has a strong branding</li><li>• MyHome has a big layout of their store which attracts the customer to visit there.</li></ul> | <ul style="list-style-type: none"><li>• The price of the product is moderate to high</li><li>• Lacking in promotion which they are not use mass promotion even MyHome has the popularity</li><li>• They sell others type of products instead of dryer hanger</li></ul> |
| Others                 | <ul style="list-style-type: none"><li>• The price of product is low to moderate which affordable to people who want it</li></ul>   | <ul style="list-style-type: none"><li>• The business is unknown branding</li><li>• Has low quality products and not convenient to use</li><li>• The products are available around the seller's residence</li></ul>   |

**Table 8: Competitive analysis**

## 5.8 Marketing Strategy

### 5.8.1 Pricing

Our company provides a hanger dryer at affordable prices with high quality ingredients. The dryer hanger's price is RM 200. The product's price sold by The Empirical Innovation Co is determined by using a cost-plus pricing. The technique of estimating prices depending on the cost of commodities or services being offered is known as this pricing. If the markup is significant, unit sales fulfill expectations, and pricing is created fairly, the company may be certain of always making a profit. Machines, labour, product packaging, and the utilities are all included in the cost used to make our product. The product's total cost will be multiplied by a 20% markup.

- Competitor's pricing

| Competitors            | Price |
|------------------------|-------|
| MyHome Trading Sdn Bhd | RM250 |

### 5.8.2 Sales Tactics

The Empirical Innovation takes sales tactics seriously because they are one way of interacting with our customers. As a result, we run our business with our own sales team. These are all of our employees who work as a salesperson in order to increase our product's sales. Besides, to improve the dryer hanger quality, the company greatly benefits from collecting direct feedback and review from customers. Additionally, our company's sales methods make it easier to earn referrals from current customers. The purpose of this sales strategy is to increase the value of the company through increasing income and revenue.

### 5.8.3 Services and Warranty Policy

If customers cancel their order online before the 24-hour pick up period, they will receive a refund. Also, if there is defect or damage on the hanger dryer when a customer buys it, we will pay them if the items are returned on the same day they were purchased and in their original packaging. Given that we offer refunds, it would attract more consumers and boost sales, also resulting in a higher profit margin. Besides, customers have the option of reporting the situation to our customer support center when there are problems with the services, quality, delivery, return or refund. Customer service is important because when consumers are treated like kings, they return and tell others about it.

### 5.8.4 Advertising and promotion

We have launched our product through shoppe and Lazada to promote and advertise our hanger dryer. It is also easier for customers to buy our products online without walk-in to our store. The website will keep updated about our activity or sales and customers can keep updated about our product regularly as nowadays people spend almost all of their time on gadgets. We created a signboard to make sure the customer knows about our products and our location so that the customers can gain information where to get our products. We also do promotions and give out a 10% discount of the products especially in seasonal events such as s Hari Raya, Christmas Day, Chinese New Year, Valentine's Day, and Mother's Day.

### 5.8.5 Distribution

Our company, The Empirical Innovation Co is based in Subang Jaya, Selangor. The location is near to the suppliers which makes us easier in restocking raw supplies. Aside from that, the premise rental is highly cost-effective because the location is in the center of Selangor, making it easy for people to visit our store.

## 5.9 Marketing Budget

| MARKETING EXPENDITURE                      |               |
|--|---------------|
|  | RM            |
| <b>FIXED ASSETS/CAPITAL EXPENDITURES</b>   |               |
| Sign board                                 | 5,000         |
|  |               |
| <b>WORKING CAPITAL/MONTHLY EXPENDITURE</b> |               |
| Promotions & Advertising Cost              | 4,000         |
|  |               |
| <b>OTHER EXPENDITURES</b>                  |               |
| Business Card                              | 1,500         |
| <b>TOTAL</b>                               | <b>10,500</b> |

Table 9: Marketing budget

## 6.0 OPERATION PLANNING

### 6.1 Process Planning

Operational planning is the process of executing a company's strategy daily. It guarantees that the company will have the necessary resources and personnel to do tasks efficiently. The Empirical Innovation Co. procedure covers all considerations and sequential steps to ensure the safety of these products when in use.

#### Production Workflow

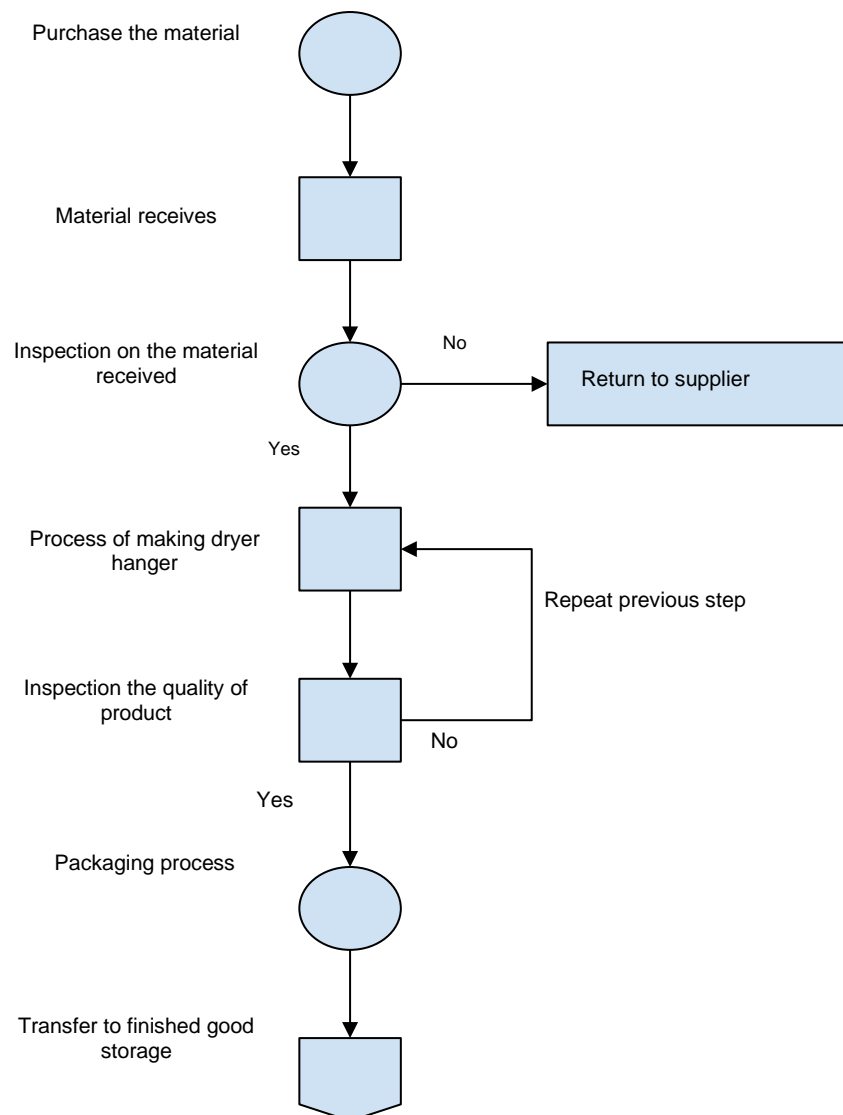


Chart 3: Flow Chart of Production Workflow

## 6.2 Operation Layout

Empirical Innovation Co. design was focused on the manufacturing process. Referring to the production workflow, the process begins with the supplier receiving the raw materials, which are then kept in the store before manufacturing begins. After the hanger dryers have completed labeling and packaging, the product will be placed in finished goods storage.

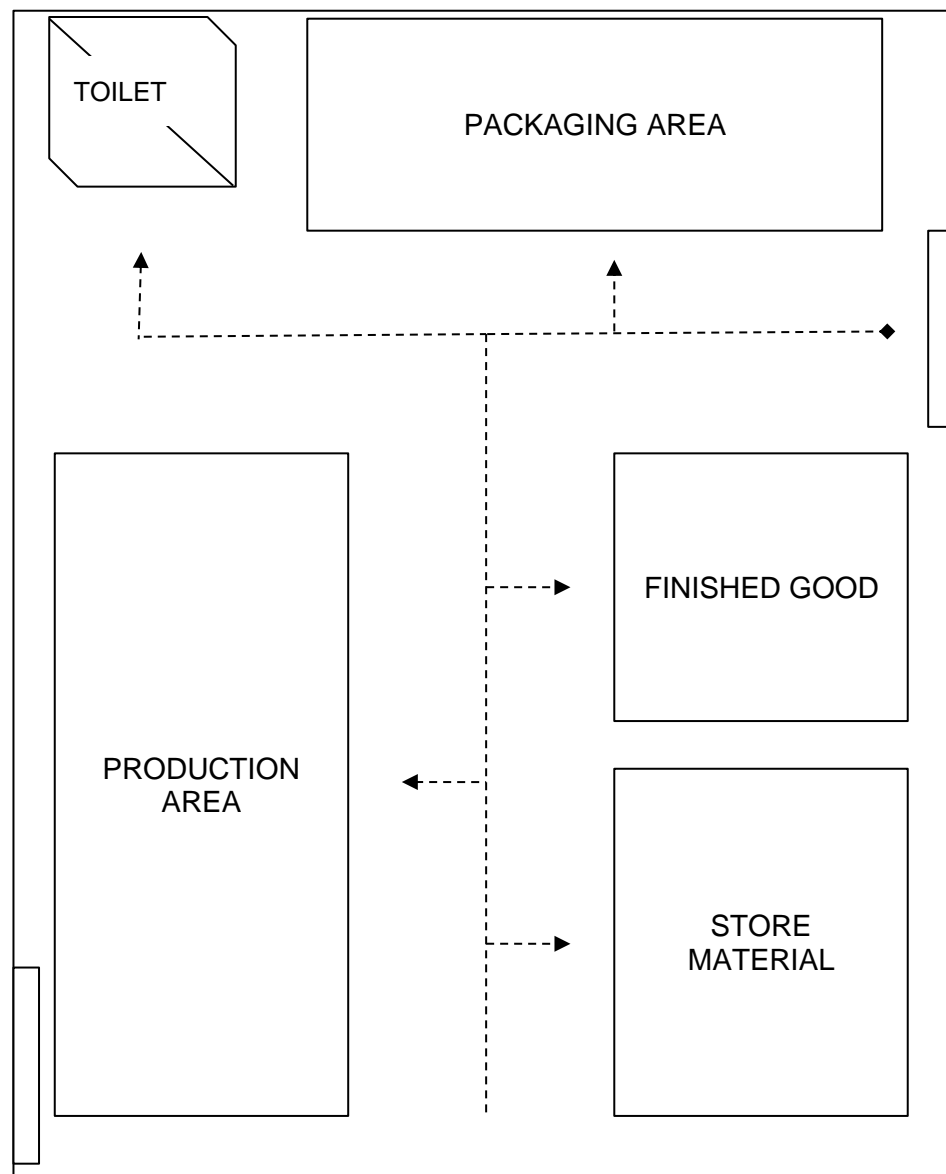


Figure 4: Operation Layout

### 6.3 Production Planning

The table below shows how much output to be produced in a day and in a month. Figure is based on The Empirical Innovation Co. sales forecast.

|                                     |  |
|-------------------------------------|--|
| Average sales forecast per month    | RM 19,800,000 / 12<br>= RM 1,650,000   |
| Price per unit                      | RM 200                                 |
| Number of outputs per month         | RM 1,650,000 / RM200<br>= 8,250 Units  |
| Number of operations days per month | 25 Days                                |
| Number of outputs per day           | 8,250 / 25 Days<br>= 330 Units Per Day |

**Table 10: Production Planning**

### 6.4 Material Planning

#### 6.4.1 Bill of material for dryer hanger

| Product No.  | Description         | Total Required | Quantity  |
|--------------|---------------------|----------------|-----------|
| 101          | Switch Button       | 1 piece        | 1         |
| 102          | Fragrance           | 1 bottle       | 1         |
| 103          | Battery             | 3 pieces       | 3         |
| 115          | Small Fan           | 1 piece        | 1         |
| 116          | Turbine             | 1 piece        | 1         |
| 121          | Label and Packaging | 1 piece        | 1         |
| 132          | LED Light Detector  | 1 piece        | 1         |
| 134          | Electronic Timer    | 1 piece        | 1         |
| <b>TOTAL</b> |                     |                | <b>10</b> |

**Table 11: Bill of material for dryer hanger**



#### 6.4.2 Bill of material with cost per unit dryer hanger

| Product No.  | Description         | Quantity | Price Per Unit (RM) | Total (RM)    |
|--------------|---------------------|----------|---------------------|---------------|
| 101          | Switch Button       | 1        | 5.00                | 5.00          |
| 102          | Fragrance           | 1        | 5.00                | 5.00          |
| 103          | Battery             | 3        | 3.00                | 9.00          |
| 115          | Small Fan           | 1        | 20.00               | 20.00         |
| 116          | Turbine             | 1        | 35.00               | 35.00         |
| 121          | Label and Packaging | 1        | 8.00                | 8.00          |
| 132          | LED Light Detector  | 1        | 10.00               | 10.00         |
| 134          | Electronic Timer    | 1        | 20.00               | 20.00         |
| <b>TOTAL</b> |                     |          |                     | <b>112.00</b> |

**Table 12: Bill of material with cost per unit dryer hanger**

Table above shows the bill of materials for one unit of shoe dryer. The cost of making one dryer hanger is RM 112.00

#### 6.4.3 Identify suppliers for raw materials

| Product No. | Description         | Supplier                   |
|-------------|---------------------|----------------------------|
| 101         | Switch Button       | Toggle Switch Electronic   |
| 102         | Fragrance           | Scentsual Sdn. Bhd.        |
| 103         | Battery             | Toggle Switch Electronic   |
| 115         | Small Fan           | Fans Distributor Pte. Ltd. |
| 116         | Turbine             | Globat Hydro Energy Ltd.   |
| 121         | Label and Packaging | Prestige Label Pte. Ltd.   |
| 132         | LED Light Detector  | Toggle Switch Electronic   |
| 134         | Electronic Timer    | Toggle Switch Electronic   |

**Table 13: Table of suppliers for raw materials**

## 6.5 Machine and Equipment Planning

**List of machine and equipment required**

| No.          | Machinery/Equipment      | Quantity | Price Per Unit (RM) | Total (RM)    |
|--------------|--------------------------|----------|---------------------|---------------|
| 1.           | Motor Vehicle            | 1        | 30,000.00           | 30,000        |
| 2.           | Air-Condition            | 3        | 1,500.00            | 4,500         |
| 3.           | Dustbin                  | 3        | 150.00              | 450           |
| 4.           | Fire Extinguisher        | 3        | 90.00               | 270           |
| 5.           | Trolley                  | 4        | 60.00               | 240           |
| 6.           | Wood Table               | 5        | 300.00              | 1,500         |
| 7.           | LED Light making machine | 2        | 16,000.00           | 32,000        |
| 8.           | Labeling Machine         | 2        | 8,000.00            | 16,000        |
| 9.           | Cutting Machine          | 2        | 2,500.00            | 5,000         |
| 10.          | Screw Press Machine      | 2        | 500.00              | 1,000         |
| 11.          | Painting Machine         | 2        | 500.00              | 1,000         |
| 12.          | Storage Rack             | 5        | 200.00              | 1,000         |
| 13.          | Steel Ladder             | 2        | 250.00              | 500           |
| <b>TOTAL</b> |                          |          |                     | <b>93,460</b> |

**Table 14: List of Machine and Equipment required**

## 6.6 Manpower Planning

### 6.6.1 Rate of production per day

|  |  |
|--|--|
| Production of outputs per day                                      | 330 Units  |
| Working hours per day  | 8 Hours  |
| Estimated hours needed for a worker to produce one unit of product | 1 Dryer Hanger takes 1 hour to complete all the installation |

**Table 15: Rate of Production Per Day**

$$\begin{aligned}
 &= \frac{330 \text{ units per day}}{8 \text{ hours}} \times 1 \\
 &= 41 \text{ workers required}
 \end{aligned}$$

### 6.6.2 Schedule of remuneration of operations personnel

| No.          | Position                    | No. of Staff | Salary (RM) | EPF (9%) (RM) | SOCSSO (2.5%) (RM) | Total (RM)       |
|--------------|-----------------------------|--------------|-------------|---------------|--------------------|------------------|
| 1.           | Assistant Operation Manager | 1            | 2,100.00    | 189.00        | 52.50              | 2,341.50         |
| 2.           | Supervisor                  | 2            | 1,500.00    | 135.00        | 37.50              | 3,345.00         |
| 3.           | Operation Workers           | 21           | 1,300.00    | 117.00        | 32.50              | 30,439.50        |
| 4.           | Van Driver                  | 2            | 1,200.00    | 108.00        | 30.00              | 2,676.00         |
| 5.           | Maintenance workers         | 12           | 1,300.00    | 117.00        | 32.50              | 17,394.00        |
| 6.           | Cleaner                     | 3            | 1,100.00    | 99.00         | 27.50              | 3,679.50         |
| <b>TOTAL</b> |                             | <b>41</b>    |             |               |                    | <b>59,875.50</b> |

**Table 16: Schedule of Remuneration of Operation Personnel**

### 6.7 Overheads Requirement

| No.          | Items                | Monthly Cost (RM) |
|--------------|----------------------|-------------------|
| 1.           | Utilities            | 600               |
| 2.           | Cleaning             | 300               |
| 3.           | Petrol               | 400               |
| 4.           | Maintenance          | 350               |
| 5.           | Rental               | 1,800             |
| 6.           | Insurance & Road tax | 1,000             |
| <b>TOTAL</b> |                      | <b>4,450</b>      |

**Table 17: Overhead Requirement**

## 6.8 Location Plan

### Address of Factory and HQ Office

Lot 4539, Kawasan Perindustrian Subang, 47630, Subang Jaya, Selangor.

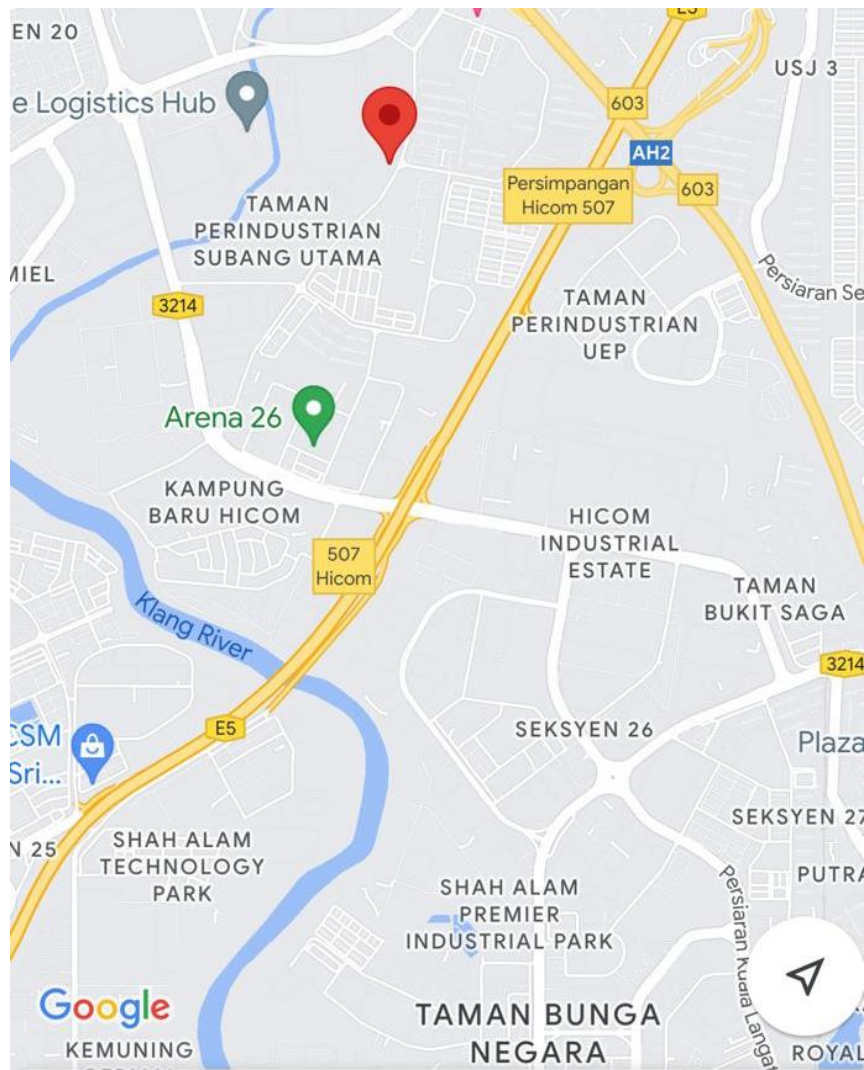


Figure 5: Location Maps of The Empirical Innovation Co.

## 6.9 Business and Operations Hours

### **BUSINESS HOURS**

Since Dryer Hanger will be sold on online platforms, the business hours will be 24 hours every day. The customers may carry out their purchasing activities and transactions at any time that suits them. The workers will settle their order immediately when they receive it in the working hours.

### **OPERATION HOURS**

The table below shows the operation hours for the workers to work by day:

| DAY            | TIME                  |
|----------------|-----------------------|
| Monday-Friday  | 9.00 a.m. - 5.00 p.m. |
| Saturday       | 9.00 a.m. - 3.30 p.m. |
| Sunday         | CLOSED                |
| Public Holiday | 9.00 a.m. - 3.30 p.m. |

**Table 18: Operation Hours**

## 6.10 Operations Budget

| OPERATIONAL EXPENDITURE                    |                     |
|--|---------------------|
|  | RM                  |
| <b>FIXED ASSETS/CAPITAL EXPENDITURES</b>   |                     |
| Machinery and Equipment                    | 93,460              |
|  |                     |
| <b>WORKING CAPITAL/MONTHLY EXPENDITURE</b> |                     |
| Raw Materials & Packaging                  | 924,000             |
| Salary, EPF & SOCSO                        | 59,875.50           |
|  |                     |
| <b>OTHER EXPENDITURES</b>                  | 4,450               |
|  |                     |
| <b>TOTAL</b>                               | <b>1,081,785.50</b> |

Table 19: Operational Budget

## 7.0 ORGANIZATION PLAN

### 7.1 Introduction to the Organization

#### 7.1.1 Vision

We want to produce a product that is fast, easy to use, and powered by technology.

#### 7.1.2. Mission

We strive to give our customers satisfaction in home furnishing products at affordable prices as they go through their daily lives.

#### 7.1.3 Objectives

To ensure that the company has clear guidance by defining what it should be in the future

#### 7.1.4 Organization Chart

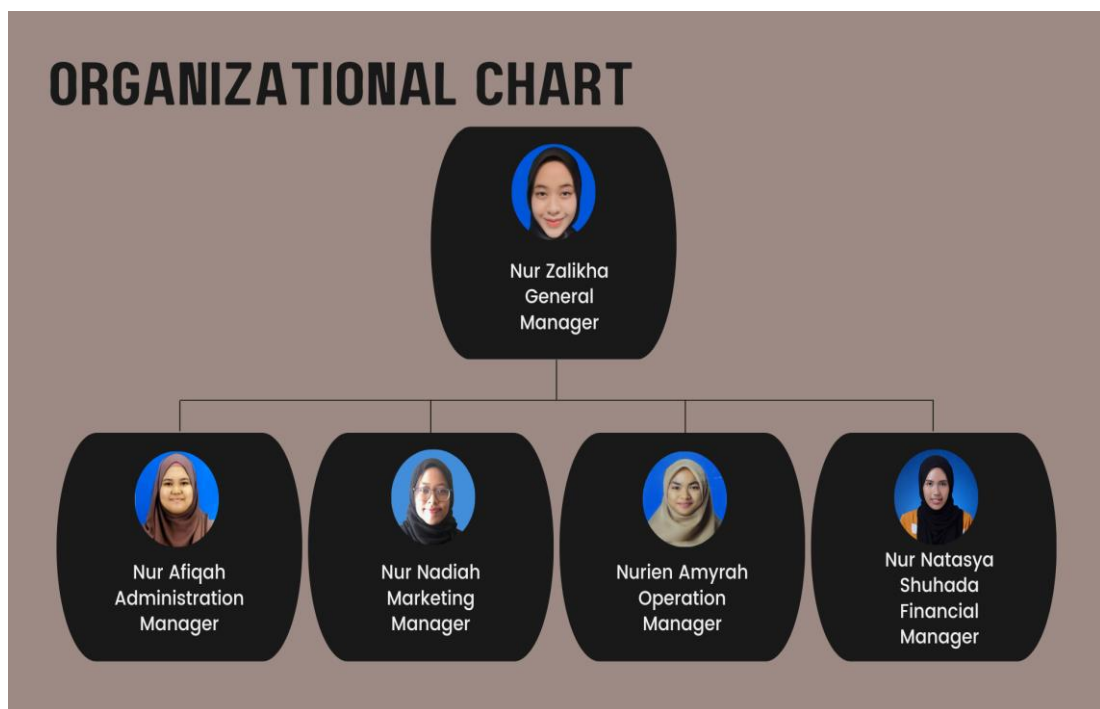


Chart 4: Organizational Chart



## 7.2 List of Administration Personnel

| Position               | Number of Personnel |
|------------------------|---------------------|
| General Manager        | 1                   |
| Administration Manager | 1                   |
| Marketing Manager      | 1                   |
| Operational Manager    | 1                   |
| Financial Manager      | 1                   |
| <b>Total</b>           | <b>5</b>            |

**Table 20: List of Administration Personnel**

## 7.3 Schedule of Task and Responsibilities

| Position               | Task & Responsibilities   |
|------------------------|---|
| General Manager        | <ul style="list-style-type: none"><li>• Manage the business organization's daily activities</li><li>• Directly supervise the business unit's key functional managers</li><li>• Ensure that a growth strategy is developed and implemented</li></ul>   |
| Administration Manager | <ul style="list-style-type: none"><li>• Providing general office support for the department</li><li>• Ensuring that all areas in a business work efficiently</li><li>• To improve the office staff's ability to manage and arrange the office effectively and professionally</li><li>• Able to plan and control administrative budget</li></ul> |

|                     |  |
|---------------------|--|
| Marketing Manager   | <ul style="list-style-type: none"> <li>• Locating potential new clients</li> <li>• Make a collaborating to develop promotions</li> <li>• Assisting in sales and lead creation.</li> </ul>  |
| Operational Manager | <ul style="list-style-type: none"> <li>• Assist the organization with inspiring leadership.</li> <li>• Assist in the development of a company culture that values good performance and morale</li> <li>• Decide on important policy, planning, and strategy matters.</li> <li>• Determine and solve the company's issues and prospects.</li> </ul> |
| Financial Manager   | <ul style="list-style-type: none"> <li>• Complete monthly financial forecasts and financial reports.</li> <li>• Make smart investments in assets that optimize profits.</li> <li>• Recognize and calculate the risks associated with the organization's financial activities.</li> </ul>   |

**Table 21: Schedule of Task and Responsibilities**

#### 7.4 Schedule of Remuneration

Each employee's compensation, including any indirect employees, must be determined in advance. The income includes monthly pay or contractual salaries (daily, weekly, or per project), as well as any provident fund contributions and work-related insurance.

Only 12 percent of a worker's base salary can be contributed to the EPF (subject to legislative changes). On top of that, the SOCSO payment would rely on the monthly salary average of 2.5%. It would be easier to understand if the following compensation structure were implemented:

| POSITION                  | NO | MONTHLY<br>SALARY (RM) | EPF 9%  | SOCSSO<br>2.5% | TOTAL<br>(RM) |
|---------------------------|----|------------------------|---------|----------------|---------------|
| General<br>Manager        | 1  | 4,000.00               | 360.00  | 100.00         | 4,460.00      |
| Administration<br>Manager | 1  | 2,500.00               | 225.00  | 62.50          | 2,787.50      |
| Marketing<br>Manager      | 1  | 2,500.00               | 225.00  | 62.50          | 2,787.50      |
| Operational<br>Manager    | 1  | 2,500.00               | 225.00  | 62.50          | 2,787.50      |
| Financial<br>Manager      | 1  | 2,500.00               | 225.00  | 62.50          | 2,787.50      |
|                           | 5  | 14,000.00              | 1260.00 | 350.00         | 15,610.00     |

**Table 22: Schedule of Remuneration**

## 7.5 List of Office Equipment and Supplies

### 7.5.1 List of Office Equipment & Supplies

| ITEM                           | QUANTITY<br>(UNIT) | PRICE PER UNIT<br>(RM) | TOTAL COST<br>(RM) |
|--------------------------------|--------------------|------------------------|--------------------|
| Computer                       | 3                  | 1,500                  | 4,500              |
| Desk                           | 5                  | 250                    | 1,250              |
| Cabinet                        | 1                  | 700                    | 700                |
| Machine photostat &<br>printer | 1                  | 1,200                  | 1,200              |
| Chair                          | 5                  | 40                     | 200                |
| Air conditioner                | 2                  | 1,000                  | 2,000              |
| Network router                 | 1                  | 600                    | 600                |
| Fire-safe box                  | 1                  | 50                     | 50                 |
| TOTAL                          | 19                 | 5,340                  | 10,510             |

**Table 23: List of Office Equipment & Supplies**

### 7.5.2 List of Stationary

| ITEM          | QUANTITY<br>(UNIT) | PRICE PER UNIT<br>(RM) | TOTAL COST<br>(RM) |
|---------------|--------------------|------------------------|--------------------|
| Pen & pencils | 10                 | 1.2                    | 12                 |
| Stapler       | 2                  | 3                      | 6                  |
| Scissors      | 3                  | 2.5                    | 7.5                |
| Tape          | 3                  | 1                      | 3                  |
| Calculator    | 5                  | 15                     | 75                 |
| Puncher       | 3                  | 5                      | 15                 |
| A4 paper      | 3                  | 25                     | 75                 |
| Envelopes     | 5                  | 3                      | 15                 |
| File folder   | 10                 | 2                      | 20                 |
| Markers       | 5                  | 2                      | 10                 |
| Cartridge     | 5                  | 55                     | 275                |
| <b>TOTAL</b>  | <b>54</b>          | <b>114.70</b>          | <b>513.50</b>      |

**Table 24: List of Office Stationery**

### 7.5.3 List of Administration Budget

| PARTICULARS (RM)                    | FIXED<br>ASSETS<br>EXPENSES<br>(RM) | MONTHLY<br>EXPENSES<br>(RM) | OTHER<br>EXPENSES<br>(RM) | TOTAL<br>(RM) |
|-------------------------------------|-------------------------------------|-----------------------------|---------------------------|---------------|
| Fixed Assets                        |                                     |                             |                           |               |
| - Building                          | 250,000.00                          |                             |                           |               |
| - Office<br>Equipment &<br>Supplies | 10,510.00                           |                             |                           | 260,510       |
| Working Capital                     |                                     |                             |                           |               |
| - Utilities                         |                                     | 3,000                       |                           | 18,610        |
| - Remuneration                      |                                     | 15,610.00                   |                           |               |
| Other Expenditure                   |                                     |                             | 513.50                    |               |
| - Office<br>stationery              |                                     |                             |                           | 513.50        |
| Pre-Operations                      | -                                   | -                           | -                         | -             |
| TOTAL                               |                                     |                             |                           | 279,633.50    |

**Table 25: List of Administration Budget**

## 8.0 FINANCIAL PLAN

The financial plan is the last step in preparing this business plan. Financial plan is one of the major parts of the business plan. In the financial plan, it will include the calculation of the total project cost, the choices of financial sources and we will use the pro forma statement in preparing the financial projection. The overall statement involved the cash flow, income statement and all the balance sheets. This will guarantee that financial and investment policies are successfully and appropriately prepared.

The objectives in preparing this financial plan are to determine the amount of money to be involved. Next, we need to identify the relevant sources of finance and the purpose. Furthermore, preparing a financial plan is to ensure the initial capital is sufficient throughout all our business. Lastly, to estimate the viability before actual investment is committed.

### 8.1 Financing – Share and Capital Venture

| FINANCING – Share and Capital Venture |                           |
|---------------------------------------|---------------------------|
| Partners                              | Capital Contribution (RM) |
| Nur Zalikha Binti Mohd Shahbuddin     | 100,000                   |
| Nur Natasya Syuhada Binti Roslan      | 100,000                   |
| Nurien Amyrah Binti Abdul Shukor      | 100,000                   |
| Nur Afiqah Binti Zakaria              | 100,000                   |
| Nur Nadiyah Binti Zuber               | 100,000                   |
| LOAN                                  |                           |
| Loan Amount                           | 500,000                   |
| Annual Interest                       | 10%                       |
| Loan Duration                         | 10 years                  |

## 8.2 Start-Up Cost

| START-UP COST                       |  | RM     |
|-------------------------------------|--|--------|
| Capital Expenditure: Administrative |  |        |
| 1                                   | Office furniture & Fittings            | 513.50 |
| 2                                   | Office renovations                     | 5000   |
| 3                                   | Office equipment and supplies          | 10,510 |
| Capital Expenditure: Marketing      |  |        |
| 1                                   | Advertising for opening                | 1000   |
| Capital Expenditure: Operations     |  |        |
| 1                                   | Machinery                              | 12,000 |
| 2                                   | Building renovations                   | 10,000 |
| One-Time Start-up Expenditure       |  |        |
| 1                                   | Installation of fixtures and equipment | 500    |
| 2                                   | Office supplies                        | 1000   |
| 3                                   | Legal and professional fees            | 3500   |
| 4                                   | Inspector's fees                       | 1000   |
| 5                                   | Starting inventory cost                | 2200   |



|   |   |                 |
|---|---|-----------------|
|   |   |                 |
| <b>Other-Pre-Operations Expenditure</b> |   |                 |
| <b>1</b>                                | <b>Business registration &amp; Licenses</b> | <b>3500</b>     |
| <b>2</b>                                | <b>Deposit (rent, utilities, etc)</b>       | <b>2000</b>     |
| <b>3</b>                                | <b>Security deposit</b>                     | <b>500</b>      |
| <b>TOTAL</b>                            |   | <b>53223.50</b> |

### 8.3 ADMINISTRATIVE BUDGET

| <b>ADMINISTRATIVE BUDGET</b>                         |                 |                     |               |                |
|--|-----------------|---------------------|---------------|----------------|
| <b>Particulars</b>                                   | <b>F.Assets</b> | <b>Monthly Exp.</b> | <b>Others</b> | <b>Total</b>   |
| <b><i>Fixed Assets</i></b>                           |                 |                     |               |                |
| Land & Building                                      | 250,000         |                     |               | 250,000        |
| Office Equipment & Supplies                          | 10,510          |                     |               | 10,510         |
|  | -               |                     |               | -              |
|  | -               |                     |               | -              |
|  | -               |                     |               | -              |
| <b><i>Working Capital</i></b>                        |                 |                     |               |                |
| Utilities  |                 | 3,000               |               | 3,000          |
| Remuneration   |                 | 15,610              |               | 15,610         |
|  |                 | -                   |               | -              |
|  |                 | -                   |               | -              |
|  |                 | -                   |               | -              |
|  |                 | -                   |               | -              |
|  |                 | -                   |               | -              |
| <b><i>Pre-Operations &amp; Other Expenditure</i></b> |                 |                     |               |                |
| Other Expenditure                                    |                 |                     | 514           |                |
| Deposit (rent, utilities, etc.)                      |                 |                     | -             | -              |
| Business Registration & Licences                     |                 |                     | -             | -              |
| Insurance & Road Tax for Motor Vehicle               |                 |                     | -             | -              |
| Other Pre-Operations Expenditure                     |                 |                     | -             | -              |
| <b>Total</b>   | <b>260,510</b>  | <b>18,610</b>       | <b>514</b>    | <b>279,120</b> |

## 8.4 MARKETING BUDGET

| MARKETING BUDGET                                     |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Particulars  | F.Assets     | Monthly Exp. | Others       | Total        |
| <b><i>Fixed Assets</i></b>                           |              |              |              |              |
| Sign Board   | 5,000        |              |              | 5,000        |
|  | -            |              |              | -            |
|  | -            |              |              | -            |
|  | -            |              |              | -            |
| <b><i>Working Capital</i></b>                        |              |              |              |              |
| Promotions & Advertising Cost                        |              | 4,000        |              | 4,000        |
|  |              | -            |              | -            |
|  |              | -            |              | -            |
|  |              | -            |              | -            |
|  |              | -            |              | -            |
|  |              | -            |              | -            |
|  |              | -            |              | -            |
| <b><i>Pre-Operations &amp; Other Expenditure</i></b> |              |              |              |              |
| Other Expenditure                                    |              |              | 1,500        |              |
| Deposit (rent, utilities, etc.)                      |              |              | -            | -            |
| Business Registration & Licences                     |              |              | -            | -            |
| Insurance & Road Tax for Motor Vehicle               |              |              | -            | -            |
| Other Pre-Operations Expenditure                     |              |              | -            | -            |
| <b>Total</b>   | <b>5,000</b> | <b>4,000</b> | <b>1,500</b> | <b>9,000</b> |

## 8.5 OPERATIONAL BUDGET

| OPERATIONS BUDGET                             |               |                |              |                  |
|---|---------------|----------------|--------------|------------------|
| Particulars                                   | F.Assets      | Monthly Exp.   | Others       | Total            |
| <b>Fixed Assets</b>                           |               |                |              |                  |
| Machinery and Equipment                       | 93460         |                |              | 93,460           |
|   |               |                |              | -                |
|   |               |                |              | -                |
|   |               |                |              | -                |
| <b>Working Capital</b>                        |               |                |              |                  |
| Raw Materials & Packaging                     |               | 924,000        |              | 924,000          |
| Carriage Inward & Duty                        |               | -              |              | -                |
| Salaries, EPF & SOCSO                         |               | 59,876         |              | 59,876           |
|   |               | -              |              | -                |
|   |               | -              |              | -                |
|   |               | -              |              | -                |
|   |               | -              |              | -                |
| <b>Pre-Operations &amp; Other Expenditure</b> |               |                |              |                  |
| Other Expenditure                             |               |                | 4,450        |                  |
| Deposit (rent, utilities, etc.)               |               |                | -            | -                |
| Business Registration & Licences              |               |                | -            | -                |
| Insurance & Road Tax for Motor Vehicle        |               |                | -            | -                |
| Other Pre-Operations Expenditure              |               |                | -            | -                |
| <b>Total</b>                                  | <b>93,460</b> | <b>983,876</b> | <b>4,450</b> | <b>1,077,336</b> |

## 8.6 CASH FLOW PRO-FORMA STATEMENT

| EMPIRICAL INNOVATION.CO<br>CASH FLOW PRO-FORMA STATEMENT |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| MONTH  | Pre-Operations   | 1                | 2                | 3                | 4                | 5                | 6                | 7                | 8                | 9                | 10               | 11               | 12                | TOTAL YR 1        | YEAR 2            | YEAR 3            |
| <b>CASH INFLOW</b>                                       |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Capital (Cash)   | 115,610          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 115,610           | 0                 | 0                 |
| Loan   | 1,332,991        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 1,332,991         | 0                 | 0                 |
| Cash Sales   |                  | 1,300,000        | 1,500,000        | 1,400,000        | 1,500,000        | 1,600,000        | 1,800,000        | 1,700,000        | 1,800,000        | 1,700,000        | 1,500,000        | 1,900,000        | 2,100,000         | 19,800,000        | 21,780,000        | 25,047,000        |
| Collection of Accounts Receivable                        |                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>TOTAL CASH INFLOW</b>                                 | <b>1,448,601</b> | <b>1,300,000</b> | <b>1,500,000</b> | <b>1,400,000</b> | <b>1,500,000</b> | <b>1,600,000</b> | <b>1,800,000</b> | <b>1,700,000</b> | <b>1,800,000</b> | <b>1,700,000</b> | <b>1,500,000</b> | <b>1,900,000</b> | <b>2,100,000</b>  | <b>21,248,601</b> | <b>21,780,000</b> | <b>25,047,000</b> |
| <b>CASH OUTFLOW</b>                                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| <b>Administrative Expenditure</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Utilities  |                  | 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            | 37,080            | 38,934            |
| Remuneration   |                  | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610           | 15,610            | 187,320           | 192,940           | 202,587           |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Marketing Expenditure</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Promotions & Advertising Cost                            |                  | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000             | 48,000            | 49,440            | 51,912            |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Operations Expenditure</b>                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Cash Purchase  |                  | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000          | 924,000           | 11,088,000        | 11,088,000        | 11,088,000        |
| Payment of Account Payable                               |                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| Carriage Inward & Duty                                   |                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| Salaries, EPF & SOCSO                                    |                  | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876           | 59,876            | 718,506           | 740,061           | 777,064           |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| 0  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Other Expenditure</b>                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Pre-Operations   |                  | 6,464            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   | 6,464             | 6,657             | 6,980             |
| Deposits (rent, utilities, etc.)                         | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| Business Registration & Licenses                         | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| Insurance & Road Tax for Motor Vehicle                   | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| Other Pre-Operations Expenditure                         | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Fixed Assets</b>                                      |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Purchase of Fixed Assets - Land & Building               | 250,000          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 250,000           | 0                 | 0                 |
| Purchase of Fixed Assets - Others                        | 48,460           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 48,460            | 0                 | 0                 |
| Hire-Purchase Down Payment                               | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Hire-Purchase Repayment:</b>                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Principal  |                  | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009            | 1,009             | 12,102            | 12,102            | 12,102            |
| Interest   |                  | 252              | 252              | 252              | 252              | 252              | 252              | 252              | 252              | 252              | 252              | 252              | 252               | 3,026             | 3,026             | 3,026             |
| <b>Loan Repayment:</b>                                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |                   |                   |
| Principal  |                  | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217           | 22,217            | 266,598           | 266,598           | 266,598           |
| Interest   |                  | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554            | 5,554             | 66,650            | 53,320            | 35,060            |
| Tax Payable  |                  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 2,134,785         | 2,134,785         | 2,684,551         | 3,588,677         |
| <b>TOTAL CASH OUTFLOW</b>                                | <b>296,460</b>   | <b>1,041,380</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b> | <b>1,035,517</b>  | <b>3,170,304</b>  | <b>14,865,912</b> | <b>16,075,880</b> |
| <b>CASH SURPLUS (DEFICIT)</b>                            | <b>1,150,141</b> | <b>258,620</b>   | <b>464,483</b>   | <b>364,483</b>   | <b>464,483</b>   | <b>564,483</b>   | <b>764,483</b>   | <b>664,483</b>   | <b>764,483</b>   | <b>664,483</b>   | <b>464,483</b>   | <b>864,483</b>   | <b>-1,070,394</b> | <b>6,382,689</b>  | <b>6,646,225</b>  | <b>8,971,120</b>  |
| <b>BEGINNING CASH BALANCE</b>                            |                  | <b>1,150,141</b> | <b>1,408,161</b> | <b>1,872,644</b> | <b>2,237,127</b> | <b>2,701,610</b> | <b>3,266,094</b> | <b>4,030,577</b> | <b>4,895,060</b> | <b>5,459,543</b> | <b>6,124,026</b> | <b>6,588,510</b> | <b>7,452,993</b>  | <b>0</b>          | <b>6,382,689</b>  | <b>13,028,914</b> |
| <b>ENDING CASH BALANCE</b>                               | <b>1,150,141</b> | <b>1,408,161</b> | <b>1,872,644</b> | <b>2,237,127</b> | <b>2,701,610</b> | <b>3,266,094</b> | <b>4,030,577</b> | <b>4,895,060</b> | <b>5,459,543</b> | <b>6,124,026</b> | <b>6,588,510</b> | <b>7,452,993</b> | <b>6,382,689</b>  | <b>6,382,689</b>  | <b>13,028,914</b> | <b>22,000,034</b> |

## 8.7 PRO-FORMA BALANCE SHEET

| EMPIRICAL INNOVATION.CO<br>PRO-FORMA BALANCE SHEET |                  |                   |                   |
|--|------------------|-------------------|-------------------|
|  | Year 1           | Year 2            | Year 3            |
| <b>ASSETS</b>                                      |                  |                   |                   |
| <b>Fixed Assets (Book Value)</b>                   |                  |                   |                   |
| Land & Building                                    | 250,000          | 250,000           | 250,000           |
| Office Equipment & Supplies                        | 8,408            | 6,306             | 4,204             |
| Sign Board   | 4,000            | 3,000             | 2,000             |
| Machinery and Equipment                            | 74,768           | 56,076            | 37,384            |
|  | 337,176          | 315,382           | 293,588           |
| <b>Current Assets</b>                              |                  |                   |                   |
| Stock of Raw Materials                             |                  |                   |                   |
| Stock of Finished Goods                            |                  |                   |                   |
| Accounts Receivable                                |                  |                   |                   |
| Cash Balance                                       | 6,382,689        | 13,028,914        | 22,000,034        |
|  | 6,382,689        | 13,028,914        | 22,000,034        |
| <b>Other Assets</b>                                |                  |                   |                   |
| Deposit  |                  |                   |                   |
| <b>TOTAL ASSETS</b>                                | <b>6,719,865</b> | <b>13,344,296</b> | <b>22,293,622</b> |
| <b>Owners' Equity</b>                              |                  |                   |                   |
| Capital  | 115,610          | 115,610           | 115,610           |
| Accumulated Profit                                 | 5,489,454        | 12,392,585        | 21,620,612        |
|  | 5,605,064        | 12,508,195        | 21,736,222        |
| <b>Long Term Liabilities</b>                       |                  |                   |                   |
| Loan Balance                                       | 1,066,393        | 799,795           | 533,196           |
| Hire-Purchase Balance                              | 48,408           | 36,306            | 24,204            |
|  | 1,114,801        | 836,101           | 557,400           |
| <b>Current Liabilities</b>                         |                  |                   |                   |
| Accounts Payable                                   |                  |                   |                   |
| <b>TOTAL EQUITY &amp; LIABIT</b>                   | <b>6,719,865</b> | <b>13,344,296</b> | <b>22,293,622</b> |

## 8.8 PRODUCTION COST PRO-FORMA STATEMENT

### EMPIRICAL INNOVATION.CO PRODUCTION COST PRO-FORMA STATEMENT

|   | Year 1            | Year 2            | Year 3            |
|---|-------------------|-------------------|-------------------|
| <b>Raw Materials</b>                      |                   |                   |                   |
| Opening Stock                             | 0                 |                   |                   |
| Current Year Purchases                    | 11,088,000        | 11,088,000        | 11,088,000        |
| Ending Stock                              |                   |                   |                   |
| Raw Materials Used                        | 11,088,000        | 11,088,000        | 11,088,000        |
| Carriage Inward                           |                   |                   |                   |
|   | 11,088,000        | 11,088,000        | 11,088,000        |
| <b>Salaries, EPF &amp; SOCSO</b>          | 718,506           | 740,061           | 777,064           |
| <b>Factory Overhead</b>                   |                   |                   |                   |
| Depreciation of Fixed assets (Operations) | 18,692            | 18,692            | 18,692            |
|   |                   |                   |                   |
|   |                   |                   |                   |
|   |                   |                   |                   |
| <b>Total Factory Overhead</b>             | 18,692            | 18,692            | 18,692            |
| <b>Production Cost</b>                    | <b>11,825,198</b> | <b>11,846,753</b> | <b>11,883,756</b> |

## 8.9 PRO-FORMA INCOME STATEMENT

### EMPIRICAL INNOVATION.CO PRO-FORMA INCOME STATEMENT

|  | Year 1            | Year 2            | Year 3            |
|--|-------------------|-------------------|-------------------|
| <b>Sales</b>                           | <b>19,800,000</b> | <b>21,780,000</b> | <b>25,047,000</b> |
| <b>Less: Cost of Sales</b>             |                   |                   |                   |
| Opening Stock of Finished Goods        |                   |                   |                   |
| Production Cost                        | 11,825,198        | 11,846,753        | 11,883,756        |
| less: Ending Stock of Finished Goods   | 0                 | 0                 | 0                 |
|  | <b>11,825,198</b> | <b>11,846,753</b> | <b>11,883,756</b> |
| <b>Gross Profit</b>                    | <b>7,974,802</b>  | <b>9,933,247</b>  | <b>13,163,244</b> |
| <b>Less: Expenditure</b>               |                   |                   |                   |
| Administrative Expenditure             | 223,320           | 230,020           | 241,521           |
| Marketing Expenditure                  | 48,000            | 49,440            | 51,912            |
| Other Expenditure                      | 6,464             | 6,657             | 6,990             |
| Business Registration & Licences       |                   |                   |                   |
| Insurance & Road Tax for Motor Vehicle |                   |                   |                   |
| Other Pre-Operations Expenditure       |                   |                   |                   |
| Interest on Hire-Purchase              | 3,026             | 3,026             | 3,026             |
| Interest on Loan                       | 66,650            | 53,320            | 39,990            |
| Depreciation of Fixed Assets           | 3,102             | 3,102             | 3,102             |
| <b>Total Expenditure</b>               | <b>350,561</b>    | <b>345,564</b>    | <b>346,540</b>    |
| <b>Net Profit Before Tax</b>           | <b>7,624,241</b>  | <b>9,587,683</b>  | <b>12,816,704</b> |
| <b>Tax</b>                             | <b>2,134,788</b>  | <b>2,684,551</b>  | <b>3,588,677</b>  |
| <b>Net Profit After Tax</b>            | <b>5,489,454</b>  | <b>6,903,132</b>  | <b>9,228,027</b>  |
| <b>Accumulated Net Profit</b>          | <b>5,489,454</b>  | <b>12,392,585</b> | <b>21,620,612</b> |



## 9.0 PROJECT MILESTONES

| Activities                            | Datelines  |
|---------------------------------------|------------|
| Planning                              | 2/1/2016   |
| Doing research and development        | 23/02/2016 |
| Incorporation of the venture          | 03/03/2016 |
| Complete designing                    | 16/06/2017 |
| Setting up the prototypes             | 27/06/2017 |
| Searching the business premises       | 30/06/2017 |
| Procurement of machines and materials | 09/07/2017 |
| Testing and reviewing the product     | 12/09/2017 |
| Starting of production and operations | 01/12/2017 |
| Launching day                         | 01/01/2018 |
| Receipt the first order               | 01/01/2018 |

**Table 26: Project Milestone**

## 10.0 CONCLUSION

To wind-up, Empirical Innovation.Co is the leading provider of technology products in the region. The company also has the best product innovation in the market era now. We are seeking to expand our product line and grow our customer base and continue growth in the future.

We are very pleased to have the opportunity to produce this product which can help people out there by having a better daily life. As for now, the era of new technology nowadays has improved very much, and we take this advantage to be one of the companies that has developed into the new advanced technology.

Finally, we are the family of Empirical Innovation.Co hope that our business will be accepted by people around the world and give a very big impact towards consumers.

## 11.0 APPENDICES

