

---

# Pre-Feasibility Study (BTL Marketing Company)



Small and Medium Enterprises Development Authority  
Ministry of Industries & Production  
Government of Pakistan  
[www.smeda.org.pk](http://www.smeda.org.pk)

## HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore  
Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7  
[helpdesk@smeda.org.pk](mailto:helpdesk@smeda.org.pk)

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 <a href="mailto:helpdesk.punjab@smeda.org.pk">helpdesk.punjab@smeda.org.pk</a>	5TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 <a href="mailto:helpdesk-khi@smeda.org.pk">helpdesk-khi@smeda.org.pk</a>	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 <a href="mailto:helpdesk-pew@smeda.org.pk">helpdesk-pew@smeda.org.pk</a>	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 <a href="mailto:helpdesk-qta@smeda.org.pk">helpdesk-qta@smeda.org.pk</a>

May 2016

---

## Table of Contents

<b>1</b>	<b>DISCLAIMER .....</b>	<b>1</b>
<b>2</b>	<b>EXECUTIVE SUMMARY.....</b>	<b>2</b>
<b>3</b>	<b>INTRODUCTION TO SMEDA .....</b>	<b>3</b>
<b>4</b>	<b>PURPOSE OF THE DOCUMENT.....</b>	<b>3</b>
<b>5</b>	<b>PROJECT PROFILE .....</b>	<b>4</b>
5.1	Project Brief .....	4
5.2	Opportunity Rationale.....	5
5.3	The Industry Purview .....	6
5.4	Key Success Factors.....	9
5.5	Proposed Business Legal Status.....	11
<b>6</b>	<b>Opening A Successful BTL Marketing Company .....</b>	<b>12</b>
6.1	How To Start A BTL Marketing Company? .....	12
6.2	Choosing A Location .....	14
6.3	Maximum Utilization – Deciding On The Layout .....	15
6.4	Creating A Service Mix .....	16
6.5	Company Size.....	17
6.6	Hiring The Right Employees .....	17
6.7	A Strategy BTL Marketing Company.....	18
6.8	Legal Requirements.....	19
6.9	Project Investment .....	20
6.10	Proposed Service Mix.....	20
6.11	Recommended Project Parameters .....	21
6.12	Proposed Location.....	21
<b>7</b>	<b>Selection Of Supplier And Vendors .....</b>	<b>22</b>
7.1	Raw Material – For Fabrication .....	22
7.2	Furniture And Fixtures .....	23
7.3	Office Equipment Requirement.....	23
7.4	Office Vehicle Requirement.....	23
<b>8</b>	<b>Land And Building Requirement .....</b>	<b>24</b>
8.1	Land Requirement .....	24
8.2	Recommended Mode.....	24
<b>9</b>	<b>Human Resource Requirement.....</b>	<b>25</b>
<b>10</b>	<b>Financial Analysis And Key Assumptions .....</b>	<b>26</b>
10.1	Revenue And Projections .....	26
10.2	Rent Cost.....	26
10.3	Utilities Requirement .....	27
10.4	Depreciation Charges.....	27
10.5	Account Receivable .....	27
10.6	Taxation .....	28
10.7	Source Of Capital .....	28
10.8	Revenue Generation .....	28
10.9	Owner’s Withdrawal .....	29
<b>11</b>	<b>CONTACT DETAILS.....</b>	<b>29</b>
11.1	Technical Experts / Consultants.....	29
<b>12</b>	<b>USEFUL WEB LINKS.....</b>	<b>30</b>
<b>13</b>	<b>ANNEXURES .....</b>	<b>31</b>
13.1	Income Statement .....	31
13.2	Balance Sheet .....	32
13.3	Cash Flow Statement .....	33
13.4	Cost and Revenue Calculations.....	34
<b>14</b>	<b>KEY ASSUMPTIONS.....</b>	<b>35</b>

## 1 DISCLAIMER

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. Although, the material included in this document is based on data/information gathered from various reliable sources; however, it is based upon certain assumptions, which may differ from case to case. The information has been provided on as is where is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to any change in any of the concerned factors, and the actual results may differ substantially from the presented information. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from this memorandum in consequence of undertaking this activity. The contained information does not preclude any further professional advice. The prospective user of this memorandum is encouraged to carry out additional diligence and gather any information which is necessary for making an informed decision, including taking professional advice from a qualified consultant/technical expert before taking any decision to act upon the information.

For more information on services offered by SMEDA, please contact our website: [www.smeda.org.pk](http://www.smeda.org.pk)

### Document Control

Document No.	PREF-NO: 26
Revision	No. 02
Prepared by	SMEDA-Sindh
Revision Date	May, 2016
For information	Provincial Chief (Sindh) mkumar@smeda.org.pk

## 2 EXECUTIVE SUMMARY

**Marketing** is a form of communication between you and your customers, a key aspect of selling is to communicate the value of your product or service to them. This pre-feasibility study is focused on '**BTL Marketing**' which stands for 'Below The Line Marketing'. This kind of marketing targets specific groups of people with focus.

Generally companies, regardless of product sectors they are working in, are becoming more inclined toward the direct consumer contact activities instead of other available communication tools. Categorically, BTL is a growing industry in Pakistan relying heavily on the changing companies preferences with respect to communication.

The recommended area for the proposed business setup will be ideally in middle of the city which are within the proximity of potential prospects. The main reason is that you will be able to easily locate more clients and be logistically better-off. Presence of target market which is nearby and easily accessible is the prerequisites for the success of the BTL marketing company.

Proposed Product Mix include: Event Management, Brand Activation and Direct Marketing.

BTL Marketing Company Capacity is **64 activities** and initial capacity utilization is **60 %**.

Total Cost Estimates is **Rs.7.0 million** with fixed investment **Rs.4.0 million** and working capital **Rs.3.0 million**.

Given the cost assumptions IRR and payback are **45 %** and **3.44 years** respectively

The most critical considerations or factors for success of the project are:

- Service Mix & Creativity
- Selection of Quality Suppliers & Vendors
- Quality Human Resource (Permanent and Project Based)
- Management Cost (Profit factor) with country wide execution

### 3 INTRODUCTION TO SMEDA

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

### 4 PURPOSE OF THE DOCUMENT

The objective of the pre-feasibility study is primarily to facilitate potential entrepreneurs in project identification for investment. The project pre-feasibility may form the basis of an important investment decision and in order to serve this objective, the document/study covers various aspects of project concept development, start-up, and production, marketing, finance and business management.

The purpose of this document is to facilitate potential investors in **BTL Marketing Company** by providing them with a general understanding of the business with the intention of supporting potential investors in crucial investment decisions.

The need to come up with pre-feasibility reports for undocumented or minimally documented sectors attains greater imminence as the research that precedes such reports reveal certain thumb rules; best practices developed by existing enterprises by trial and error, and certain industrial norms that become a guiding source regarding various aspects of business set-up and it's successful management.

Apart from carefully studying the whole document one must consider critical aspects provided later on, which form basis of any Investment Decision.

## 5 PROJECT PROFILE

### 5.1 Project Brief

**Marketing** is a form of communication between you and your customers. A key aspect of selling is to communicate the value of your product or service to them.

We may segregate chart of marketing (Four P's: product, price, place and promotional strategy) in ATL, BTL and TTL marketing activities.

'**ATL Marketing**' stands for 'Above The Line Marketing'. This kind of marketing is the kind of marketing that has a very broad reach and is largely untargeted. It comprises of communication platforms like electronic, print, radio and outdoor media, in which results are not quantifiable and besides the reach is comparatively higher in a given time period, digital marketing comprises of social media marketing, Website, Email marketing etc. This kind of marketing is mostly used for building brand awareness and goodwill.

'**BTL Marketing**' stands for 'Below The Line Marketing'. This kind of marketing is the kind of marketing that targets specific groups of people with focus. For example, direct mailing, distribution of flyers, brochures, point of sale and direct telemarketing campaign targeting specific businesses or certain groups. This kind of marketing is best for conversions and direct response.

'**TTL Marketing**' stands for 'Through The Line Marketing'. This kind of marketing is really an integrated approach, where a company would use both BTL and ATL marketing methods to reach their customer base and generate conversions. It might seem obvious, although not all marketing campaigns are like this - some are ATL only and some are BTL only. This kind of marketing delivers both a wide reach and a focus on conversions.

A BTL company services is characterized by creative strategies and ideas with an efficient execution in a given period of time. The services offer from the domain of BTL Company would be:

- Brand Activation
- Event Management
- Direct Marketing

There are various off-shoots of these services which may be used to entail the desired results according to the set objectives. Nowadays, promotion of products and services is mandatory in order to penetrate the market and attract the customers.

A BTL Company may start by providing one service or offer full range of BTL services spectrum. Likewise; many companies operating in the area are only working as event management companies which organize exhibitions, conferences, seminars and other events. There are companies which are working as a direct marketing company and work with services like direct mail shots and delivery of premiums and require less start up investment. Some companies are working as a brand activation company, a newly coined term that provide creative solutions to brands and turn barriers into triggers. A full fledged BTL marketing company running in a proper fashion should work with the portfolio of brand activation, event management and direct marketing

## 5.2 Opportunity Rationale

Generally companies, regardless of product sectors they are working in, are becoming more inclined toward the direct consumer contact activities instead of other available communication tools. Categorically, BTL is a growing industry in Pakistan relying heavily on the changing companies' preferences with respect to communication, accessing out-of-reach remote areas, scattered viewer ship amongst various channels, the inception of the Digital marketing tools has also resulted in the success of BTL industry and relative expensiveness of ATL tools. With today's hectic lifestyles, people are over-burdened and do not pay attention to electronic and print advertisements due to time constraints and the frequent bombardment of advertising campaigns.

Increasing awareness widens the vision and people are more brand conscious than ever before. Concurrently, the competition and rate of growth in consumer spending is also increasing, leaving little choice for companies to tap customers by inducing product trial and one-on-one interactions and hence the requirement for a BTL company.

Demand of deep penetration into the target market segment and increasing the loyal customer base while retaining the existing customers is the prime focus of every company (in order to remain competitive in the market place). As a result, companies rely on directly contacting their target customers. Knowing this, BTL service providers are coming up with new ways to market products that make the concerned brands top of the mind brands.

Consumers are also keen to try the products and experience the feel before making a buying decision; therefore, they are also likely to take interest and willing to participate in on-ground interactive activities, hence the need for below-the-line marketing activities is growing.

Moreover, BTL marketing plays a major role in TTL (Through the Line) marketing which is the combination of all marketing methodology. The new terminology in the marketing is "Synchronized Marketing" BTL and Digital marketing plays a vital role as the consumer can experience the product or service through BTL and can provide feedback through digital channel.

### 5.3 The Industry Purview

Below-the-line marketing efforts started in Pakistan from the activity of laundry and detergent category brand 'ARIAL' by Procter & Gamble in 1996<sup>1</sup>. The industry came across a mix of events carried out on various brands. The result was a well-growing industry with increasing market size and potential. The first direct marketing agency was Ad-Mark, the subsidiary of Aftab Associates, ran a successful project of door-to-door-selling (DDS) of Aerial. Since then, BTL activities start emerging rapidly in Pakistan and received an overwhelming response from all stakeholders. This boom opened-up many opportunities and the market observed many companies trying to provide innovative and creative brand solutions by using and modifying the available BTL tools. Some advantages that proved BTL as one of the more effective communication marketing techniques were:

- Easily measured response
- Quick achievement of objectives
- Flexible application
- Relatively economical
- Direct support of sales force

There are also some limitations of BTL activities which may curtail the importance of BTL as part of the marketing mix while undertaking brand strategic plan which are presented as under:

- Price discounting and schemes like BOGO (buy one get one free) and bundle offer (offer a complimentary product to supplement core product) can cheapen brand image
- Observed short-term advantages
- Difficulty in communicating brand message and the unique selling proposition in its completeness

Currently, companies like Contact-Plus, Bulls Eye, Forza Voila, and Macro Management Systems provide innovative brand activation solutions, while E-Commerce Gateway, Pegasus, Forza Voila etc. are working with the product folio which includes exhibitions, seminars and conferences. Some companies like Vision Direct Marketing, Forza Voila, Hayworth Marketing, National Marketing Services, Marketing Works, Federal Marketing and Helium are operating as direct marketing companies, specializing in execution. Other companies like Concept teller and Gulz studio support in fabrication of floats, stalls, kiosk and other promotional stuff. Most of them are large and considered as upscale companies working with MNCs or large established local groups on very high budgets / margins, which are difficult for small brands to afford.

---

<sup>1</sup> Based on discussion with existing players and experts view



Additionally, advertising companies Ogilvy & Mathur and JWT have opened-up their brand activation set-ups, while some other advertising companies like Ever-new also reportedly intend to start a BTL marketing company.

### 5.3.1 Increasing Number Of BTL Marketing Companies

The rapid rate at which the BTL marketing communication continues to add BTL companies is as much a reflection of market demand for cheaper and quantifiable tools to measure the results and take corrective measures to be competitive. This expansion increases accessibility, thus, making it more convenient for companies to choose appropriate BTL communication vehicle for their brands. Especially in recent years, much of the expansion has been in the form of "direct consumer contact activities" including activities like mall intercepts, road shows, float operations and door-to-door-selling with a view to convince, maximize convenience as well as consumer accessibility.

### 5.3.2 Appeal For Companies / Consumers

BTL marketing activities have become popular in market for several reasons. One is that through economies of scale, these companies can deliver brand solutions to companies by providing relatively cheaper advertising tools. Although some marketing personnel may not be satisfied with their reach, it can be reassuring to a company with low budget or in need of immediate results.

The aforementioned direct consumer contact activities rapidly gained confidence of customers / consumers by generating trial and providing a platform to companies in finding out new ways to interact with their target market. Prior to the rise of the BTL activities, brands generally had tradeoff between ATL tools like electronic media, print media and outdoor media in order to boost up sales and pass on the benefits of their products to the customers / consumers. It might increase the reach but issues like ambiguity of results and cost put a question mark on effectiveness / ROI of such activities and sometimes made it impractical for companies to advertise altogether.

Modern BTL ideas of the activities are to involve customers and create interplay between functional and emotional benefits of a brand to provide a new alternative and appeal to companies, instinct for ideas and brand building. BTL marketing companies have rapidly become the talk-of-the-town that "every brand can capitalize on", with many featuring branded musical events, road shows and whimsical branding campaigns which are designed to give value added services and cater to the need of today's market.

Many companies would consider BTL activities as the means to meet brand marketing communication objectives and hence, spend fairly good amount of marketing budgets in many cities across Pakistan.

### 5.3.3 Focusing on One-on-One Interaction

BTL marketing companies tend to focus on “providing experience through on-ground activities” which ensures that message is likely to be delivered to the right person. It can possibly mitigate the factors faced in ATL mediums and deliverables are at par while incurring a lower or reasonable amount of financial impact on the marketing budgets.

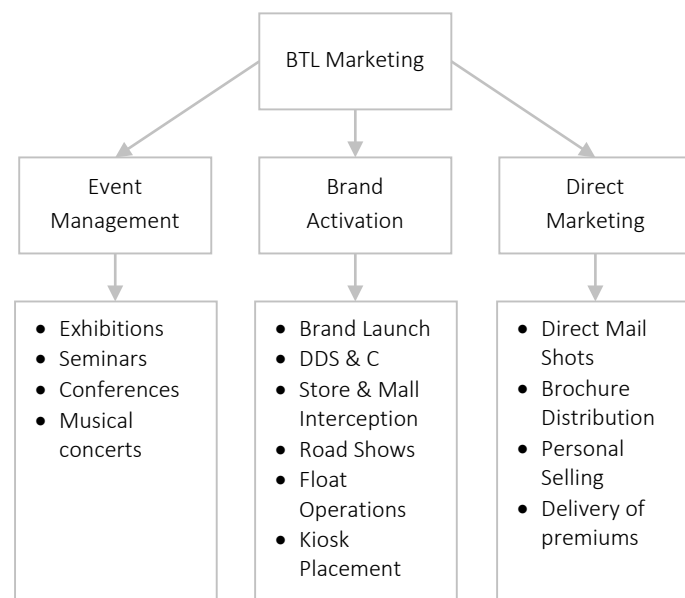
### 5.3.4 Increasing Market – The Communication Boom

Brand wars increase the competition which translates into the effectiveness of marketing communication with a view to meet the tangible and intangible objectives of brands. In addition, new product realization in this cluttered market necessitates a regular and rigorous message to be communicated to the target market.

The market growth rate is also augmented owing to other reasons. On one hand, companies increase their marketing budgets, while on the other companies would like to work in different sectors in order to explore the opportunities and fetch a larger pie of the market in a short span of time. These changing trends trigger the investment in order to interact directly with the end customers / consumers and pass-on the incentives to them. One of the major reasons to use BTL activities are that the respondents / public are more aware and it is observed that they would adopt a new brand and subsequently change their consumption patterns.

### 5.3.5 Services Chart

Presented below is the list of activities which are adopted under the BTL umbrella.



### 5.3.6 The Future Of The Industry

The communication industry with respect to BTL marketing activities is growing by leaps and bounds and becoming increasingly popular in Pakistan. From its inception, the brands that have adapted accordingly and have offered creative on-ground experience to the customers have been rewarded with strong sales growth and well-built brand equity. In the face of rising competition and brand wars, a nearly insatiable demand to be the most recognizable brand will continue to drive the sales of BTL marketing services. BTL specialists will strive hard to find ways to serve their customers by making their services even more attractive. Many more firms, likely to focus on event management, will try to capture part of this market by offering total arrangement with logistics and erection facilities.

The value of money provided by BTL activities consistently increase the demand and will continue to shape the marketing communication industry. BTL activities have become a mandatory part of companies marketing mix and this shift is indispensable to meet the ever-changing dynamics of customer requirements. The future growth of marketing communication industry will be driven in large part by direct consumer activities and their challenge to find new ways to build brands from idea generation till final execution.

## 5.4 Key Success Factors

Whether you are opening a one-of-a-kind BTL marketing company or trying to grow your existing one by adding new services, there are winning principles that can help shape your company and services and improve its chances of success. Some key success factors or practical tips are presented as under:

### i. Conceive the “Winning” Concept

A well-defined concept stands a much better chance of long term success than some vague notion. To start, it is wise to first set specific goals and decide on the framework you will use to measure your company’s success.

### ii. Longevity

This can be described as the art of being able to maintain success over time while adjusting to meet the changing periodic market demands according to the brand’s short term objectives and long term goals. To open a BTL marketing company successfully and become profitable is one thing, but to maintain that success over a long period of time is “winning.”

**iii. Consistency**

The main goal must be to truly develop a winning concept which requires implementing systems and procedures to ensure consistency of quality and operations.

**iv. Market Appeal**

All companies want to be busy but winning concepts seem to have a broad appeal and well developed “points of difference” which enable them to dominate their market niche. Companies as customers would like to associate themselves with the “winning team”.

**v. Expandability**

Consistency of quality service, from out of the box ideas till executions can result in further exploring opportunities while strengthening your image in the market place.

**vi. Service Costing**

The most important factors in the strategic planning of a B2B (business-to-business) like BTL marketing company are the development of service portfolio and the corresponding cost. It involves designing service mix and selection of quality human resources. Service costing is a very tricky task because you need to quote project wise prices so that you can operate profitably and, just as important, offer your targeted customers a good price/value relationship. The costing would include the time input of the human resource which would be involved with the client.

**vii. Selecting Prime Location**

The specific location within your target area is critical. If you are situated in densely populated residential vicinity then it may be logistically difficult which will adversely impact your earning potential. Even if you are located in the suburb and the only BTL marketing company in town you would not frequently interact with your customers. If the company is right off in the middle of the city area within the proximity of your clients then it is relatively more successful.

**viii. Market Research**

This is probably the most critical factor for running a successful BTL marketing company. You need to visit BTL service providers; vendors and third party supplier to

see how your 'concept' would fit into the sector you are planning to target. Talk to customers to learn about their preferences. Detailed formal and informal meetings with companies / managers facilitate in obtaining best practices and critical information that otherwise could have been overlooked.

The important point to note is that a concept that has worked well in a particular geographical area may or may not work in the other. Services are subject to client preferences and their target markets. The target market may refer to high scale urban areas likely to be preferred are Defense, Clifton, PECHS, KDA etc. Other areas may include Gulshan-e-Iqbal and North Nazimabad, etc. Another point to note and take into consideration is competition. If your market is saturated with similar companies and the client base may not be large enough, you may want to rethink your concept.

#### ix. Learning & Adopting New Methods

This again is a factor which cannot be ignored. Learning and applying the new tools and methods is a very key factor. Synchronized and integrated marketing is a concept that is fairly new and vastly being adopted by all the organizations.

Marketing is a phenomenon that will never die but it will keep on adding new techniques and methods. Learning the art of applying these new methods and techniques is fairly the need of the day.

## 5.5 Proposed Business Legal Status

Although the legal status of business tends to play an important role in any setup, the proposed BTL marketing business is assumed to operate on a sole proprietorship, which may expand to partnership in case of addition of new services that might add significant business to the existing setup.

## 6 Opening A Successful BTL Marketing Company

From event management to strategy based execution, BTL companies are gaining popularity in Pakistan very rapidly. Since BTL marketing companies are such a unique business venture, people must also enjoy running them. However, there is a price tag attached with everything; likewise, building a BTL marketing company from scratch is not an easy task. It is a difficult and expensive process, and the reality is that many companies fail in their first year of business owing to improper planning and ground work. But rest assured; there are ways to reduce the risk of business closure. Following are some of the useful tips that can help run a successful BTL marketing services establishment.

### 6.1 How To Start A BTL Marketing Company?

#### 6.1.1 Work In A BTL Marketing Company

One of the best ways to reduce the risk of owning an unsuccessful BTL company is to have some BTL marketing experience before you start-off. Many successful BTL marketing entrepreneurs have said that the best way to prepare for owning a BTL company is by working in a similar company. You'll learn more than just how to meet and greet clients with a smile; you can learn BTL marketing strategies, operational costing, execution, fabrication and other significant components of the BTL marketing world. Working in the BTL marketing communication industry and learning the basics are important steps to becoming an owner.

#### 6.1.2 Know Your Target Market

Some of the questions which you should be able to answer are: Who do you see working with your BTL marketing company? Are you targeting the multinational companies, local concerns or would you like to work on sublet basis? Knowing your target market before you start planning will not only help you solidify your services; it will help determine your location, human resource, the working philosophy and values of your company. A BTL company, which only tries to cater to multinationals and establish brands, may not remain in the lime light for a long period of time. On the other hand, a conservative, traditional BTL company offering stereo-type solutions wouldn't be appealing to companies either.

#### 6.1.3 Select A Service Portfolio And Concept

What type of company would you like to own? Typically, your service domain will either be a strategy based BTL Company, which offers activation based creative solutions to brands; event Management Company, which has expertise to arrange event, or, a fabrication company which puts plan into execution and specialize in execution across Pakistan and / or provide fabrication facilities.

After narrowing your establishment to one of these options, you can also select a mix of services, which comprises a range of activities. One must select the appropriate mix of services. Some of the questions you need to answer are: Would direct consumer contact execution on client brief be enough or a build-on as a brand activation agency? What is the need of time? Choosing your company concept goes hand-in-hand with your choice in service portfolio and style.

#### **6.1.4 Develop A Business Plan**

Like any other type of company, a BTL marketing company will need a concise business plan. This plan should include but is not limited to: the overall concept and goal of the company; specific financial information and projections; a description of the target market; services and pricing; office lay out and employee details; business development plan; and a potential exit strategy.

#### **6.1.5 Offer 'The Service' And Not 'A Service'**

In services sector, the services offered can make or break a company, and should be in accordance with the overall concept of the company. Re-visit the business plan to make sure the services are in accordance with today's demand of your target market, with a value added package within the range of the specified budget. However, it must complement the company service design concept. For example, if the company is Brand Activation, you will need a strategy department. If it is supposed to be an event management establishment, a lot of thought will require before selecting the proposed events list.

#### **6.1.6 Choose A Location And Layout**

It is important to find a location that has an ample space including briefing and meeting rooms, convenient parking, and is in proximity to prospective client businesses. It is necessary to revisit the business plan to make sure you are close to your target market. If you are opening a BTL marketing company, it may not be the best idea to open it in the proximity of flats but preferably in the vicinity of upscale homes or commercial centers. In addition, make sure that the monthly rent is in-line with the business plan's projected cash flows.

Once you find your location, the layout and design of the interior should be taken into account. You should already have a concept of your company in your business plan; bring this concept into the design of the service mix. Ensure that proportionate space is allocated to the various departments owing to their importance to the business.

#### **6.1.7 Getting The Appropriate Funding**

The business plan will help you recognize how much money you will need to start your BTL Company. If you are unsure about how much money you will need upfront, talking to other company owners can help you project your expected start-up costs. There are numerous ways

in which entrepreneurs raise capital to start their business, including taking advantage of government programs that cater to upstart small business owners; liquidating assets or using them as collateral for a loan; or encouraging a family or friend to become a creditor.

### 6.1.8 Be Familiar With Government Rules

BTL marketing services are regulated by the government. For example, there are government imposed road and other taxes, different SRO's on the limitations of conducting life saving drugs and tobacco BTL activities. Failing compliance with the government regulations could be detrimental both to the brand and company. Therefore, it is necessary to consult with relevant professionals and provide knowledge to the clients and become familiar with the necessary legal requirements.

### 6.1.9 Hiring Employees

One of the biggest challenges in services industry is to place the right person at the right place at the right time. In order to get and retain qualified employees, make sure your pay scales relate clearly to the job's duties and responsibilities. In addition, find out what other companies are paying their employees so that you can be competitive in the job market, without spending too much on payroll.

### 6.1.10 Advertise And Market

Every business needs a comprehensive marketing plan, and BTL marketing companies are no exception. After determining your marketing budget, start telemarketing, pay solicited visits to prospective clients, digital marketing, local place teasers / advertisements on cable and participate in e-marketing. Enquire from your customers as to how they found out about you, so that you can record the effectiveness of the adopted advertising mode. Try to indulge in the activities which may provide you an edge and can be an inexpensive way to achieve positive word-of-mouth publicity.

## 6.2 Choosing A Location

Not every BTL marketing services operation needs to be in a city center, but for those that do depend on to be in the proximity of other businesses like Brand Activation companies, here are some factors to consider when deciding on a location:

- **Anticipated operations:** How will the location contribute to your operational activities?
- **Accessibility to potential customers:** Consider how easy it will be for customers to locate your office. If you are relying on companies located in Karachi, consider how many offices are nearby?



- **The rent-paying capacity of your business:** If you've done a sales-and-profit projection for your first year of operation, you will know approximately how much revenue you can expect to generate, and you can use that information to decide how much rent you can afford to pay.
- **Potential client density:** With careful examination of markets, you can determine the approximate sales potential of market and the distribution of clients among each BTL marketing company. Two factors are especially important in this analysis: total companies and the percentage of their BTL marketing budget that is likely to patronize your service mix.
- **Visibility is a location's ability to be seen and recognized:** Good visibility can create opportunities as company would become talk of the town and customers will not encounter any problem to locate the premises.
- **Customer parking facilities:** Nowadays, this is a thankless, but absolutely essential facility that one needs to provide to customers and staff alike. The problem of parking seems to be ever growing with time and increased number of cars on the road.
- **Proximity to other businesses:** Neighboring businesses may affect your business ambiance, and their presence may work for or against you.
- **History of the site:** Find out the recent history of each site under consideration before you make a final selection. Who were the previous tenants, and why are they no longer there?
- **Terms of the lease:** Be sure you understand all the details of the lease, because it's possible that an excellent site may have unacceptable leasing terms.
- **Future development:** Check with the local planning board to see if anything is planned for the future that could affect your business, such as additional buildings nearby or road construction.

### 6.3 Maximum Utilization – Deciding On The Layout

Proper layout and design of office according to the work requirement may maximize the utilization. You'll need to take into account the size and layout of the departments, client's meetings room, store space and reception. Typically, companies allot 50 percent of space to

their employees, 20 percent for the conference room, approximately 20 percent to the Clients waiting area and reception, and the remainder to storage space.

- **Main office area (For Employees):** This is where you'll be making the bulk of your money, so don't cut corners when designing the area to be occupied by employees. Visit some companies in your city and analyze the décor. Watch the culture; do they react positively to the décor? Is it comfortable or are people shifting in their seats throughout their work? Note what works well and what doesn't.

Much of your office design will depend on your concept. It will help you to know that almost 80 percent of all in-house employees are desperate to have calm environment with a reasonable level of comfort.

To accommodate the different departments of your organization, use cubicles for each department in a way that can integrate all business function staff working in different departments. This gives you flexibility in accommodating all staff members (business and support function) of the company with the proper utilization of office space.

- **Conference Room:** Too often, companies ignore the key area where you meet your prospective customers and conduct internal meetings as well as trainings. This should be carefully designed by using the best of your aesthetic sense. The room space depends on the forecasted number of visitors.
- **Storage Area:** The storage area in a company should be designed efficiently to avoid a poorly organized store and hodge-podge inventory management system. Keep your services and work load in mind while designing the storage area. You'll need to include space for receiving, storage, trash storage, employee facilities and an area for a small office where store in charge can perform daily routine duties and record keeping.

## 6.4 Creating A Service Mix

Variety of service has increased over the years and customers have more choice. Brand communication message conveyed through these marketing and promotional activities also support sales staff of the customer companies. Therefore, companies are conscious while selecting services and providers, because BTL marketing company is working like an extension of their own company / department down the hall. Your proposed services should have flexibility to meet the challenges of changing market scenarios and build a win-win situation. Keep your service domain as wide as possible and try to give 'one window solution' according to customers and market requirements. Solution should be un-biased after evaluating the real need of brand with the consensus of brand team and guide them according to your experience.

## 6.5 Company Size

That depends to some extent on how you answered the questions mentioned above. For the sake of discussion, a company can be understood in two parts; the business function and the support function. The support functions areas include the finance, human resources, administration and storage area. The business or front-line functions are typically creative, IT, designing, strategy, client services, operations and execution. Innovative ideas and the flawless execution are the key drivers of BTL marketing company. The factors which determine the space required for the company are the size of the business, a casual or formal atmosphere, and services portfolio. The main goal is to try to serve the maximum number of clients in an effective and efficient manner.

## 6.6 Hiring The Right Employees

Choosing employees who will do a good job is not only important to the success of your business, but will also contribute to the image of your establishment, provided they are experienced and adequately trained.

There are several categories of personnel in the BTL marketing business: manager, assistant managers, supervisors, project coordinators and office assistants. The support functions including store man, IT personnel as well as HR and administration person if required. When your office is still new, some employees' duties may cross over from one category to another. For example, office assistants may also work as telemarketers. Be sure to hire people who are willing to be flexible in their duties. A brief description for some of the positions is presented in the following paragraphs:

- **Group Account Manager:** The most important employee in most ATL/BTL/DIGITAL marketing companies is the group account manager. The best candidate is an expert person who has already managed the same department in the same capacity and will be familiar with services and BTL methodology, local working environment, suppliers and costing. The manager should have leadership skills and the ability to supervise personnel while reflecting the style and image of the company.
- **Account Managers:** Customers will become regulars only if they find your company a customer-centric company and consistent in your deliverables. To provide that, you'll need above average assistant managers or account managers to work as a team with the client and those who can provide out-of-the-box ideas.
- **Creative Director:** This person must be a highly creative and should be able to come up with out of the box ideas on regular basis. The creative director must also be able to bring these ideas in the presentable form and can present these to the client.

- **Supervisor and Project Coordinator:** When you start out, you'll probably need two supervisor and project coordinator - full time. Project coordinator will be responsible for the project reporting and ensure that project is running according to the set modalities. Supervisor will lead the team on ground and encounter the daily structured problems, find the opportunity areas and communicate to the project coordinator. Existing companies' employees or people enjoying FMCG (Fast Moving Consumer Goods) working experience would be the best option.
- **Office Assistants:** The office assistants will compile the data of various projects coming from project coordinators and supervisors. They are supposed to do the calls as and when required according to the requirements.

## 6.7 A Strategy BTL Marketing Company

Based on some surveys conducted with top-of-the-line BTL companies' management, following are some of the factors that would contribute to determine how you will position your company in the market place:

- Services Mix
- Creativity
- Quality Human Resource (Permanent and Project Based)
- Quality Fabricator including Body Maker, Carpenter and Printers.
- Pakistan wide execution.
- Management cost (Profit factor).

Measuring good service is subjective, but generally what is expected from a BTL marketing company when choosing as a strategic partner is presented as follows:

- The BTL marketing company should give creative solutions to the brands.
- The BTL marketing company must present unbiased suggestions when deciding about the tools/activities.

- The BTL marketing company selects the right team for the project.
- The project team should know the modalities and be able to address clients issues as and when raised.
- The BTL marketing company should give one-window solution to brands.
- The project progress report should be submitted periodically.
- Any unusual happenings must be posted to clients and keep them updated with the project progress and problems which are encountered.
- The BTL marketing company should present the report on the basis of primary data, incorporate suggestions for the brand to be competitive in the market place, present recommendations with a view to guide the route to the client to be top-of-the-mind brand and manage their brand as per the customer's expectations.
- The invoice must present all items and must be billed periodically.

## 6.8 Legal Requirements

All general rules and regulations applicable on a service provider are also applied on a BTL marketing company, but there is no specific policy devised by the government to regulate this industry as yet. Taxes can be imposed on the vehicle(s) moving on the roads and the permission charges will be incurred while advertising brand message in different verbal and non-verbal forms.

## 6.9 Project Investment

This section will provide the total cost of the project.

DESCRIPTION	AMOUNT (Rs.)
<b>Capital Cost</b>	
Renovation	500,000
Furniture & Fixtures	378,000
Office Vehicles	2,020,000
Office Equipment	689,000
Pre-operating Costs (Administration Expense)	484,000
<b>Total Capital Cost</b>	<b>4,071,000</b>
<b>Working Capital</b>	
Raw Material Inventory (15 Days)	1,726,635
Upfront Building Rent (06 months security deposit + 06 months advance rent)	600,000
Upfront Insurance Payment	101,000
Cash	500,000
<b>Total Working Capital</b>	<b>2,927,635</b>
<b>TOTAL PROJECT COST</b>	<b>6,998,635</b>

## 6.10 Proposed Service Mix

Now-a-days companies would expect that their BTL marketing company will provide them any kind of service which is required to activate brand in the mind of customers/consumers. A BTL marketing company can give an ideal service mix keeping in mind the need of the brand.

All the services mention in Services chart (please refer to 5.3.5) would be preferable and present a proposed mix of services.

It's desirable to have a vast variety of services to capture a larger target audience but initially the entrepreneur needs to be careful in choosing the right service mix that has the greatest acceptability so that the business volumes generated are able to cover the initial setup costs and to achieve the desired profit margins. Once the BTL marketing company has a strong client base and achieves steady growth pattern further services like fabrication/production can be added. With the passage of time entrepreneur should add some new services to follow the same growth trends.

One important factor to consider here is that the entrepreneur must have the requisite skills to decide whether to hire a new vendor or add a new service to the existing portfolio, both of which might require additional investment. Hence, the experience of the entrepreneur will play an important role in determining the course of action.

### 6.11 Recommended Project Parameters

The capacity utilization during year one is worked out at **60%** with **5%** increase in subsequent years up to the maximum capacity utilization of **80%**.

The following table shows internal rate of return, payback period, net present value and other important summaries of the proposed business:

Projects / Year	Human Resource	Service Mix	Location
38	15	Direct Consumer/ Contact Activities / Event Management	Society Areas like M.A.H.S/S.M.C.H.S & P.E.C.H.S
Financial Summary			
Project Cost	IRR	NPV	Payback Period
Rs. 7.0 Million	45%	Rs. 9,974,244	3.44 Years

### 6.12 Proposed Location

The recommended area for the proposed business setup will be ideally in middle of the city (i.e. DHA, Clifton, Society areas like M.A.H.S, S.M.C.H.S & P.E.C.H.S) which are within the proximity of potential prospects. The main reason is that you will be able to easily locate more clients and be logistically better-off as well. Presence of target market which is nearby and easily accessible is the prerequisites for the success of the BTL marketing company.

## 7 Selection Of Supplier And Vendors

Understanding the brand's individual needs and the capability to satisfy these completely is a vital part of the BTL marketing company's success. This is in turn dependent on the suppliers and vendors which are required to provide quality goods and services. Vendors are easily available in the market wherein the owner has to choose between expensive supplier and cheaper ones depending on how much s/he would squeeze their profit based on the project modalities. Selection of vendors has to be taken very carefully and ensure that project will not further outsourced / sub-contracted to any other supplier.

Vendors or suppliers are especially needed when the client would like to expand the activity to remote areas where such arrangements are not in place. At such times, the supplier plays a very important role in fabrication. Fabrication is the part in which vehicles, stalls and kiosks and other objects are built according to the project requirements. Some fabrication vendors are Concept Tellers and Gulz studio, etc.

### 7.1 Raw Material – For Fabrication

Major primary raw materials are:

- Metal.
- Wood
- Fiber

Where as, the secondary raw materials are:

- Acrylic
- Vinyl
- Flex
- Paper (Flyers/Broachers)
- Paint, etc.

There are two ways of fabrication of vehicle, stalls or stage that are used in any event or to make venue ambiance as per the brand requirement. Contract of the complete project may be given on one hand, while on the other you can purchase raw materials to ensure the quality parameters and also work very closely with the fabricator.

Out sourcing is the buzz word in today's global market and the companies take advantage by saving their time that can help him/her to take-up more projects and earn larger revenue. You may break project into parts, sublet the part on which you do not have the required expertise.



Close monitoring of the above must be taken to safeguard against the pitfalls of outsourcing while ensuring quality parameters and reducing cost.

## 7.2 Furniture And Fixtures

Details of the furniture and fixture required for the project are given below:

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
Office Tables and Chairs	12	12,000	144,000
Conference Table and Chairs	01	50,000	50,000
Waiting Area Chairs	08	3,000	24,000
Air conditioners (02 ton)	02	80,000	160,000
<b>TOTAL</b>			<b>378,000</b>

## 7.3 Office Equipment Requirement

Following office equipment will be required for Name of Pre-feasibility Study:

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
Laptops	07	45,000	315,000
Laptops (High End)	03	70,000	210,000
Printer	01	20,000	20,000
Printer (Color)	01	30,000	30,000
Telephones	02	2,000	4,000
Fax Machine	01	20,000	20,000
<b>TOTAL</b>			<b>689,000</b>

## 7.4 Office Vehicle Requirement

Following office vehicle will be required for Name of Pre-feasibility Study:

DESCRIPTION	QUANTITY	UNIT COST (Rs.)	TOTAL COST (Rs.)
Pick Up	01	900,000	900,000
Motor Bike	02	50,000	100,000
Truck	01	1,000,000	1,000,000
<b>TOTAL</b>			<b>2,020,000</b>

## **8 Land And Building Requirement**

### **8.1 Land Requirement**

The estimated office requirement is 1,000 sq feet in commercial areas like DHA, Clifton, Mohammad Ali Housing Society, Sindhi Muslim Housing Society & P.E.C.H.S or any society areas where prospect client's offices are in close proximity and all utilities and facilities are adequately available. It is recommended that the BTL marketing company be established in an already built house where free space is available which may be utilized. Close proximity of the company in relation to the commercial area(s) and the main road is better for the overall business potential.

### **8.2 Recommended Mode**

The proposed premises will be acquired on a rental basis with 6 months deposit and 6 months advance rent after which rent will be payable on a monthly basis. The monthly rent is approximately Rs. 50/ sq feet which would amount to about Rs. 50,000/- per month for the proposed BTL marketing company of 1,000 sq ft.

## 9 Human Resource Requirement

The human resource requirement for the general and management staff along with their proposed monthly salary are provided in the table below:

DESCRIPTION	NO. OF EMPLOYEES	MONTHLY SALARY PER PERSON (Rs.)	MONTHLY SALARY (Rs.)
Owner / CEO	01	50,000	50,000
Account Manager	02	35,000	70,000
Project Coordinator	04	25,000	100,000
Creative Head	01	40,000	40,000
Graphic Designer (2D)	01	20,000	20,000
Graphic Designer (3D)	01	30,000	30,000
I.T.	01	20,000	20,000
Office Assistant	01	15,000	15,000
Driver	02	13,000	26,000
Peon	01	13,000	13,000
<b>TOTAL</b>	<b>15</b>		<b>384,000</b>

Considering the size of the proposed establishment, it is assumed that the owner would be managing the overall affairs of the proposed setup. He will be required to work on new business development, client handling, making standard operating procedures, financial and other matters with respective employees.

The Accounts and Finance employee will only be responsible for receiving and recording of transactions being made in due course while owner would be managing the cash in and out flows for control purposes. It is important to note that many BTL marketing companies tend to lose out owing to inadequate cash control by the owners especially during peak project time.

## 10 Financial Analysis And Key Assumptions

The project cost estimates for the proposed BTL marketing company have been formulated on the basis of discussions with existing players, relevant stakeholders and experts. The cost projections cover the cost of land, building, human resources and office furniture, etc. The specific assumptions relating to individual cost components are described as follows:

### 10.1 Revenue And Projections

The business is expected to increase by 05% every year while the cost of elements (including human resource) is assumed to increase by 10%. The 07% annual increase in revenue is expected to result from a part increase in client base and part increase in service cost.

The costs used to calculate the gross revenue earned are based on the billing rate at which the entrepreneur will charge the customer. The prices are also inclusive of the General Sales Tax.

Furthermore, it is assumed that the following sales breakup will form the revenue streams for the BTL marketing company.

Revenue Stream	% of Total Sales
Direct Consumer Contact Activities	70%
Event Management	20%
Other Activities	10%
<b>Total Revenue</b>	<b>100%</b>

Prime consideration must be given to the direct consumer contact activities and event management related activities with a view to serve customers in a profitable manner.

### 10.2 Rent Cost

The rent for the assumed premises will be Rs. 50,000/- per month. It is assumed that Rs. 600,000 will be given in advance before possession of premises. This will include 6 months deposit and 6 month advance rent. The rent would be payable on a monthly basis and is expected to increase at the rate of 10% per annum for the projected period.

### 10.3 Utilities Requirement

The following table presents the assumed breakup of utilities on a monthly basis:

Utility	Monthly Charges (Rs.)
Electricity	25,840
Telephones	5,460
Petrol / CNG for Vehicle	14,040
<b>Total</b>	<b>45,340</b>

As presented in the above table, most of the BTL marketing companies require considerable fixed and mobile phone lines during the project owing to the nature of work. It is assumed that utilities expenses will increase by 10% every year.

### 10.4 Depreciation Charges

Depreciation on Building, Office Furniture, Equipment and Fixtures is assumed to be at the rate of 10% per annum based on the diminishing balance method for the projected period. The 10% per annum rate of diminishing balance would be considered for vehicles owned by the company for the projected period of project.

### 10.5 Account Receivable

Payment should be made by the customers on pre-determined / periodical time frame and the proposed time frame is presented as under:

Proposed Payment Time Structure	% age of Total Amount
At the time of approval of proposal	50%
During the project	25%
With in 4-5 days after the project end	25%

*It is not advisable to operate a BTL marketing company on full credit basis.*

## 10.6 Taxation

The tax rate applicable to sole proprietorship is the rates of tax imposed on the taxable income of every individual. Therefore, we are assuming that the tax rate would be the same for the proposed BTL marketing setup.

## 10.7 Source Of Capital

The source of capital is presented in the following table:

Particulars	Rate
Debt	0 %
Equity	100 %

## 10.8 Revenue Generation

Based on the capacity utilization of 60% for BTL Marketing Company, revenue during the first year of operations is estimated as under:

BTL Services	No. of Activities	Revenue / Activity	Total Revenue / Service
Stall Operations	15	629,200	9,060,480
Event Management	8	869,180	7,301,112
Mobile Billboards	7	4,230,000	30,456,000
Other	8	496,200	4,168,080
<b>Annual Revenue</b>	<b>38</b>		<b>50,985,672</b>

## 10.9 Owner's Withdrawal

It is assumed that the owner will withdraw from the business once the desired profitability is attained. The amount would depend on business sustainability and availability of funds for future growth.

## 11 CONTACT DETAILS

In order to facilitate potential investors, contact details of private sector Service Providers relevant to the proposed project are given below:

### 11.1 Technical Experts / Consultants

#### Technical Experts / Consultants - 1

Name of Consultant / Organization	Fahad Ali / Forza Voila
Address	16-C,1 <sup>st</sup> Shahbaz Commercial Lane, Phase VI, DHA, Karachi, Pakistan.
Phone	+92 300 2246202
E-mail	fahad@forzavoila.com
Website	<a href="http://www.forzavoila.com/">http://www.forzavoila.com/</a>

#### Technical Experts / Consultants - 2

Name of Consultant / Organization	Nadish Hussain / Bridge Developers
Address	309, Technocity Office Tower, I.I. Chundrigarh Road Karachi, Pakistan
Phone	+92 347 3585412
E-mail	n4nadish@gmail.com

## 12 USEFUL WEB LINKS

	<b>Websites</b>
<b>Small &amp; Medium Enterprises Development Authority (SMEDA)</b>	<a href="http://www.smeda.org.pk">www.smeda.org.pk</a>
<b>Government of Pakistan</b>	<a href="http://www.pakistan.gov.pk">www.pakistan.gov.pk</a>
<b>Ministry of Industries &amp; Production</b>	<a href="http://www.moip.gov.pk">www.moip.gov.pk</a>
<b>Ministry of Education, Training &amp; Standards in Higher Education</b>	<a href="http://moptt.gov.pk">http://moptt.gov.pk</a>
<b>Government of Punjab</b>	<a href="http://www.punjab.gov.pk">www.punjab.gov.pk</a>
<b>Government of Sindh</b>	<a href="http://www.sindh.gov.pk">www.sindh.gov.pk</a>
<b>Government of Khyber Pakhtunkhwa</b>	<a href="http://www.khyberpakhtunkhwa.gov.pk">www.khyberpakhtunkhwa.gov.pk</a>
<b>Government of Balochistan</b>	<a href="http://www.balochistan.gov.pk">www.balochistan.gov.pk</a>
<b>Government of Gilgit Baltistan</b>	<a href="http://www.gilgitbaltistan.gov.pk">www.gilgitbaltistan.gov.pk</a>
<b>Government of Azad Jamu Kashmir</b>	<a href="http://www.ajk.gov.pk">www.ajk.gov.pk</a>
<b>Trade Development Authority of Pakistan (TDAP)</b>	<a href="http://www.tdap.gov.pk">www.tdap.gov.pk</a>
<b>Security Commission of Pakistan (SECP)</b>	<a href="http://www.secp.gov.pk">www.secp.gov.pk</a>
<b>Federation of Pakistan Chambers of Commerce and Industry (FPCCI)</b>	<a href="http://www.fpcci.com.pk">www.fpcci.com.pk</a>
<b>State Bank of Pakistan (SBP)</b>	<a href="http://www.sbp.org.pk">www.sbp.org.pk</a>
<b>Punjab Small Industries Corporation</b>	<a href="http://www.psic.gop.pk">www.psic.gop.pk</a>
<b>Sindh Small Industries Corporation</b>	<a href="http://www.ssic.gos.pk">www.ssic.gos.pk</a>
<b>Pakistan Horticulture Development and Export Company (PHDEC)</b>	<a href="http://www.phdec.org.pk">www.phdec.org.pk</a>
<b>Punjab Vocational Training Council (PVTC)</b>	<a href="http://www.pvtc.gop.pk">www.pvtc.gop.pk</a>
<b>Technical Education and Vocational Training Authority (TEVTA)</b>	<a href="http://www.tevta.org">www.tevta.org</a>
<b>Pakistan Readymade Garment Technical Training Institute</b>	<a href="http://www.prgmea.org/prgtti/">www.prgmea.org/prgtti/</a>
<b>Livestock &amp; Dairy Development Department, Government of Punjab.</b>	<a href="http://www.livestockpunjab.gov.pk">www.livestockpunjab.gov.pk</a>
<b>Punjab Industrial Estates (PIE)</b>	<a href="http://www.pie.com.pk">www.pie.com.pk</a>
<b>Faisalabad Industrial Estate Development and Management Company (FIEDMC)</b>	<a href="http://www.fiedmc.com.pk">www.fiedmc.com.pk</a>



## 13 ANNEXURES

## 13.1 Income Statement

Calculations										SMEDA
Income Statement										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue	50,985,672	59,100,891	68,102,412	78,074,551	89,109,087	95,346,723	102,020,994	109,162,464	116,803,836	124,980,105
<i>Cost of sales</i>										
Cost of goods sold 1	41,439,240	47,137,136	53,301,222	59,963,875	67,159,540	70,517,517	74,043,393	77,745,563	81,632,841	85,714,483
Operation costs (direct labor)	3,672,000	4,029,511	4,421,830	4,852,346	5,324,777	5,843,205	6,412,107	7,036,399	7,721,473	8,473,246
Operating costs (direct electricity)	310,080	341,088	375,197	412,716	453,988	499,387	549,326	604,258	664,684	731,152
Operating costs (genset)	288,288	317,117	348,828	383,711	422,082	464,291	510,720	561,792	617,971	679,768
Total cost of sales	45,421,320	51,507,735	58,098,249	65,228,937	72,938,305	76,860,109	81,004,826	85,386,220	90,018,998	94,918,882
Gross Profit	5,564,352	7,593,157	10,004,163	12,845,613	16,170,782	18,486,614	21,016,168	23,776,243	26,784,838	30,061,223
<i>General administration &amp; selling expenses</i>										
Administration expense	936,000	1,027,130	1,127,133	1,236,872	1,357,296	1,489,444	1,634,459	1,793,592	1,968,219	2,159,847
Administration benefits expense	28,080	30,814	33,814	37,106	40,719	44,683	49,034	53,808	59,047	64,795
Building rental expense	600,000	660,000	726,000	798,600	878,460	966,306	1,062,937	1,169,230	1,286,153	1,414,769
Travelling expense	168,480	184,883	202,884	222,637	244,313	268,100	294,203	322,847	354,279	388,772
Communications expense (phone, fax, mail, internet, etc.)	65,520	71,899	78,899	86,581	95,011	104,261	114,412	125,551	137,775	151,189
Office vehicles running expense	202,000	222,200	244,420	268,862	295,748	325,323	357,855	393,641	433,005	476,305
Office expenses (stationary, entertainment, janitorial services, etc)	18,720	20,543	22,543	24,737	27,146	29,789	32,689	35,872	39,364	43,197
Promotional expense	127,464	147,752	170,256	195,186	222,773	238,367	255,052	272,906	292,010	312,450
Insurance expense	101,000	80,800	60,600	40,400	20,200	162,662	130,129	97,597	65,065	32,532
Professional fees (legal, audit, consultants, etc.)	127,464	147,752	170,256	195,186	222,773	238,367	255,052	272,906	292,010	312,450
Depreciation expense	535,700	535,700	535,700	535,700	535,700	782,346	782,346	782,346	782,346	782,346
Amortization of pre-operating costs	96,800	96,800	96,800	96,800	96,800	-	-	-	-	-
Bad debt expense	1,019,713	1,182,018	1,362,048	1,561,491	1,782,182	1,906,934	2,040,420	2,183,249	2,336,077	2,499,602
Miscellaneous expense 1	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100	1,610,510	1,771,561	1,948,717	2,143,589	2,357,948
Subtotal	5,026,942	5,508,292	6,041,353	6,631,160	7,283,220	8,167,092	8,780,149	9,452,262	10,188,938	10,996,204
Operating Income	537,410	2,084,865	3,962,809	6,214,453	8,887,562	10,319,522	12,236,018	14,323,981	16,595,900	19,065,019
Gain / (loss) on sale of office vehicles	-	-	-	-	808,000	-	-	-	-	-
Earnings Before Interest & Taxes	537,410	2,084,865	3,962,809	6,214,453	9,695,562	10,319,522	12,236,018	14,323,981	16,595,900	19,065,019
Subtotal	-	-	-	-	-	-	-	-	-	-
Earnings Before Tax	537,410	2,084,865	3,962,809	6,214,453	9,695,562	10,319,522	12,236,018	14,323,981	16,595,900	19,065,019
Tax	107,482	416,973	792,562	1,242,891	1,939,112	2,063,904	2,447,204	2,864,796	3,319,180	3,813,004
<b>NET PROFIT/(LOSS) AFTER TAX</b>	<b>429,928</b>	<b>1,667,892</b>	<b>3,170,247</b>	<b>4,971,563</b>	<b>7,756,449</b>	<b>8,255,618</b>	<b>9,788,815</b>	<b>11,459,185</b>	<b>13,276,720</b>	<b>15,252,015</b>
Balance brought forward		429,928	1,489,452	3,308,387	5,878,764	9,681,002	12,735,000	15,991,908	19,490,276	23,264,567
Total profit available for appropriation	429,928	2,097,820	4,659,700	8,279,950	13,635,214	17,936,619	22,523,815	27,451,093	32,766,996	38,516,582
Dividend	-	608,368	1,351,313	2,401,185	3,954,212	5,201,620	6,531,906	7,960,817	9,502,429	11,169,809
Balance carried forward	429,928	1,489,452	3,308,387	5,878,764	9,681,002	12,735,000	15,991,908	19,490,276	23,264,567	27,346,774

## 13.2 Balance Sheet

Calculations											SMEDA
Balance Sheet											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Assets</b>											
<i>Current assets</i>											
Cash & Bank	1,050,000	814,206	2,056,838	3,914,494	6,439,929	6,921,580	10,232,404	13,747,746	17,451,558	21,373,156	31,776,932
Accounts receivable		977,807	1,055,625	1,219,758	1,401,697	1,603,131	1,768,754	1,892,567	2,025,047	2,166,800	2,318,476
Raw material inventory	1,726,635	2,062,250	2,448,525	2,892,320	3,401,368	3,750,009	4,134,385	4,558,159	5,025,370	5,540,471	-
Pre-paid building rent	50,000	55,000	60,500	66,550	73,205	80,526	88,578	97,436	107,179	117,897	-
Pre-paid insurance	101,000	80,800	60,600	40,400	20,200	162,662	130,129	97,597	65,065	32,532	-
<b>Total Current Assets</b>	<b>2,927,635</b>	<b>3,990,063</b>	<b>5,682,087</b>	<b>8,133,522</b>	<b>11,336,399</b>	<b>12,517,906</b>	<b>16,354,251</b>	<b>20,393,505</b>	<b>24,674,219</b>	<b>29,230,856</b>	<b>34,095,409</b>
<i>Fixed assets</i>											
Building/Infrastructure	500,000	475,000	450,000	425,000	400,000	375,000	350,000	325,000	300,000	275,000	250,000
Furniture & fixtures	378,000	340,200	302,400	264,600	226,800	189,000	151,200	113,400	75,600	37,800	-
Office vehicles	2,020,000	1,616,000	1,212,000	808,000	404,000	3,253,230	2,602,584	1,951,938	1,301,292	650,646	-
Office equipment	689,000	620,100	551,200	482,300	413,400	344,500	275,600	206,700	137,800	68,900	-
<b>Total Fixed Assets</b>	<b>3,587,000</b>	<b>3,051,300</b>	<b>2,515,600</b>	<b>1,979,900</b>	<b>1,444,200</b>	<b>4,161,730</b>	<b>3,379,384</b>	<b>2,597,038</b>	<b>1,814,692</b>	<b>1,032,346</b>	<b>250,000</b>
<i>Intangible assets</i>											
Pre-operation costs	484,000	387,200	290,400	193,600	96,800	-	-	-	-	-	-
<b>Total Intangible Assets</b>	<b>484,000</b>	<b>387,200</b>	<b>290,400</b>	<b>193,600</b>	<b>96,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>6,998,635</b>	<b>7,428,563</b>	<b>8,488,087</b>	<b>10,307,022</b>	<b>12,877,399</b>	<b>16,679,637</b>	<b>19,733,635</b>	<b>22,990,543</b>	<b>26,488,911</b>	<b>30,263,202</b>	<b>34,345,409</b>
<b>Liabilities &amp; Shareholders' Equity</b>											
<i>Current liabilities</i>											
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Other liabilities</i>											
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Shareholders' equity</i>											
Paid-up capital	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635	6,998,635
Retained earnings		429,928	1,489,452	3,308,387	5,878,764	9,681,002	12,735,000	15,991,908	19,490,276	23,264,567	27,346,774
<b>Total Equity</b>	<b>6,998,635</b>	<b>7,428,563</b>	<b>8,488,087</b>	<b>10,307,022</b>	<b>12,877,399</b>	<b>16,679,637</b>	<b>19,733,635</b>	<b>22,990,543</b>	<b>26,488,911</b>	<b>30,263,202</b>	<b>34,345,409</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>6,998,635</b>	<b>7,428,563</b>	<b>8,488,087</b>	<b>10,307,022</b>	<b>12,877,399</b>	<b>16,679,637</b>	<b>19,733,635</b>	<b>22,990,543</b>	<b>26,488,911</b>	<b>30,263,202</b>	<b>34,345,409</b>

## 13.3 Cash Flow Statement

Calculations											SMEDA
Cash Flow Statement											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Operating activities</i>											
Net profit		429,928	1,667,892	3,170,247	4,971,563	7,756,449	8,255,618	9,788,815	11,459,185	13,276,720	15,252,015
Add: depreciation expense		535,700	535,700	535,700	535,700	535,700	782,346	782,346	782,346	782,346	782,346
amortization of pre-operating costs		96,800	96,800	96,800	96,800	96,800	-	-	-	-	-
Accounts receivable		(977,807)	(77,817)	(164,133)	(181,939)	(201,434)	(165,624)	(123,813)	(132,480)	(141,753)	(151,676)
Raw material inventory	(1,726,635)	(335,615)	(386,275)	(443,795)	(509,048)	(348,640)	(384,376)	(423,774)	(467,211)	(515,100)	5,540,471
Pre-paid building rent	(50,000)	(5,000)	(5,500)	(6,050)	(6,655)	(7,321)	(8,053)	(8,858)	(9,744)	(10,718)	117,897
Advance insurance premium	(101,000)	20,200	20,200	20,200	20,200	(142,462)	32,532	32,532	32,532	32,532	32,532
Cash provided by operations	(1,877,635)	(235,794)	1,851,000	3,208,969	4,926,620	7,689,093	8,512,444	10,047,248	11,664,629	13,424,027	21,573,585
<i>Financing activities</i>											
Issuance of shares	6,998,635	-	-	-	-	-	-	-	-	-	-
Cash provided by / (used for) financing activities	6,998,635	-	-	-	-	-	-	-	-	-	-
<i>Investing activities</i>											
Capital expenditure	(4,071,000)	-	-	-	-	(3,253,230)	-	-	-	-	-
Cash (used for) / provided by investing activities	(4,071,000)	-	-	-	-	(3,253,230)	-	-	-	-	-
<b>NET CASH</b>	<b>1,050,000</b>	<b>(235,794)</b>	<b>1,851,000</b>	<b>3,208,969</b>	<b>4,926,620</b>	<b>4,435,863</b>	<b>8,512,444</b>	<b>10,047,248</b>	<b>11,664,629</b>	<b>13,424,027</b>	<b>21,573,585</b>
Cash balance brought forward		1,050,000	814,206	2,056,838	3,914,494	6,439,929	6,921,580	10,232,404	13,747,746	17,451,558	21,373,156
Cash available for appropriation	1,050,000	814,206	2,665,206	5,265,807	8,841,114	10,875,792	15,434,024	20,279,653	25,412,375	30,875,585	42,946,741
Dividend		-	608,368	1,351,313	2,401,185	3,954,212	5,201,620	6,531,906	7,960,817	9,502,429	11,169,809
Cash balance	1,050,000	814,206	2,056,838	3,914,494	6,439,929	6,921,580	10,232,404	13,747,746	17,451,558	21,373,156	31,776,932
Cash carried forward	1,050,000	814,206	2,056,838	3,914,494	6,439,929	6,921,580	10,232,404	13,747,746	17,451,558	21,373,156	31,776,932

### 13.4 Cost and Revenue Calculations

Per Activity	Quantity	Rate	Rental	Days	Total	Per Activity	Quantity	Rate	Rental	Days	Total	Per Activity	Quantity	Rate	Days	Total	Per Activity	Quantity	Rate	Days	Total		
<b>STALL OPERATIONS</b>						<b>EVENT MANAGEMENT</b>						<b>Mobile Billboards</b>						<b>Other Services</b>					
KIOSK	1		60,000	2	120,000	Venue	250	2,000	1	1	500,000	Vehicle (Shehzore)	3	60,000	15	2,700,000	HiAce	3	5,000	3	45,000		
Fabrication	1	80,000	1	1	80,000						-	Fabrication	3	5,000	1	15,000	Exterior Panaflex	3	10,000	1	30,000		
<b>Total</b>					<b>200,000</b>	<b>Total</b>					<b>500,000</b>	<b>Total</b>			<b>2,715,000</b>	<b>Total</b>				<b>75,000</b>			
Props	5	2,000	1	1	10,000	Brand Ambassador	10	2,500	1	1	25,000	Driver	6	5,000	15	450,000	Brand Ambassador	5	2,500	3	37,500		
Brand Ambassador	2	2,500	1	2	10,000	Team Leader / Master of Ceremony	1	5,000	1	1	5,000	Supervisor	3	5,000	15	225,000	Driver	6	5,000	3	90,000		
Supervisor	1	2,500	1	2	5,000											Supervisor	3	5,000	3	45,000			
Mascot	1	1,000	1	2	2,000											Team Leader	1	5,000	3	15,000			
<b>Total</b>					<b>27,000</b>	<b>Total</b>					<b>30,000</b>	<b>Total</b>			<b>225,000</b>	<b>Total</b>				<b>187,500</b>			
Fuel	1	1,000	1	2	2,000							Fuel	3	5,000	15	225,000	Fuel	3	4,000	3	36,000		
Uniform	3	2,000	1	1	6,000	Communication	11	100	1	1	1,100	Genset	3	5,000	15	225,000							
Food	2	1,000	1	2	4,000	Brochures / Materials	375	100	1	1	37,500	Communication	3	1,000	15	45,000	Flyers/Pamphlets	20,000	5	1	100,000		
Communication	3	500	1	2	3,000	Miscellaneous	1	100,000	1	1	100,000												
Discount Coupon	1,000	1	1	2	2,000							Miscellaneous	3	2,000	15	90,000	Miscellaneous	1	5,000	3	15,000		
Stationary / Photostat	1,000	100	1	2	200,000	<b>Total</b>					<b>138,600</b>	<b>Total</b>			<b>585,000</b>	<b>Total</b>				<b>151,000</b>			
Music System + LCD	1	1	15,000	2	30,000	<b>Total Cost</b>					<b>484,000</b>	<b>Total Cost</b>			<b>3,525,000</b>	<b>Total Cost</b>				<b>413,500</b>			
Miscellaneous	1	5,000	1	2	10,000	<b>Total Revenue</b>					<b>629,200</b>	<b>Total Revenue</b>			<b>4,230,000</b>	<b>Total Revenue</b>				<b>496,200</b>			
<b>Total</b>					<b>257,000</b>	<b>Commission</b>		30%			145,200	<b>Commission</b>		20%		705,000	<b>Commission</b>		20%		82,700		
<b>Total Cost</b>					<b>484,000</b>	<b>Total Revenue</b>					<b>869,180</b>	<b>Total Revenue</b>			<b>4,230,000</b>	<b>Total Revenue</b>				<b>496,200</b>			
<b>Profit</b>					<b>145,200</b>	<b>Profit</b>					<b>200,580</b>	<b>Profit</b>			<b>705,000</b>	<b>Profit</b>				<b>82,700</b>			



## 14 KEY ASSUMPTIONS

Item	Assumption(s)
Business/Sales Increase	07 % per year
Increase in Cost of Elements	10 % per year
Increase in Staff Salaries	10 % per year
Increase in Utilities (Electricity / Water / Gas)	10 % per year
Increase in Rent	10 % per year
Increase in Office Expenses	10 % per year
Equity: Debt	100:0
Depreciation	
o Construction & Renovation	10 % per annum (Diminishing Balance)
o Furniture & Fixtures	10 % per annum (Diminishing Balance)
o Vehicle	10 % per annum (Diminishing Balance)