

## Deliverable G: Business Model and Economic Report

Group B25

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## G.1: Business Model

“Bricks and Mortar” and platform business models would be well suited for a portable change table. Bricks and Mortar utilizes public stores such as Walmart, Loblaws, etc. (IKEA maybe ?) to present the product to customers. Clients will have a real life experience to accurately judge the product in terms of functionalities, materials, price (is it worth the price or not based on how it performs and what it is made of). Additionally, since the table is designed specifically for people with disabilities, the company’s “office” instead of a public store can also be an option.

We can also apply a platform business model. If there was a proper company, a company website for online purchases would be an excellent idea to maximize the sales. If creating a website was not a possibility, we can still cooperate with Amazon to post and sell our product. For certain that the customer experience will not be like the “Bricks and Mortar” model, but the platform business model can be a complementing business for the company.

<b>Key Partners:</b> - Public stores (e.g. Walmart, Loblaws, etc.) - Online shopping applications (e.g. Amazon)	<b>Key activities:</b> - Mechanical Development - Mass Production	<b>Value Proposition:</b> - Support people with disabilities in terms of changing. - Provide conveniences for caregivers while changing for the patient. - Small, portable, and comfortable for both the caregiver and the patient. - Privacy when changing.	<b>Customer relationship:</b> - Social media - Insurance - Tech Support - Customer Service.	<b>Customer segment:</b> - For handicapped people who face inconveniences in changing. - People who has a handicapped family member or friend who faces changing difficulties
	<b>Key resources:</b> - Material Stores (aluminium pipes, camping chairs, polyester fabric, Steel wire)		<b>Channel:</b> - Websites. - Stores/Office.	
<b>Cost Structure:</b> - Product development - Material for mass production - Sales and Marketing - Salaries for permanent employees		<b>Revenue Streams:</b> - Marketing solutions - Sales from public branches/stores and online-shopping. -		

*Figure 1: Business Model Canvas*

Assumptions:

- A privacy curtain/tent is provided along with the product and can be set up conveniently.
- Product has all sizes (for the table surface) for all ages.
- There is a proper company developing and mass-producing the product.

## G.2: Economic Report

### G.2.1

#### Direct Costs

- Wholesale material purchasing
- Manufacturing costs
- Research and development
- Marketing
- 

#### Indirect Costs

- Taxation

#### Fixed

- Storage

### G.2.2

	Year 1	Year 2	Year 3
Sold units	800,000 CAD	1,600,000 CAD	3,000,000 CAD
Wholesale material purchasing	400,000 CAD	800,000 CAD	1,500,000 CAD
Manufacturing costs	280,000CAD	560,000 CAD	1,050,000 CAD
Marketing	70,000 CAD	70,000 CAD	70,000 CAD
Research and development	50,000 CAD	50,000 CAD	50,000 CAD
Storage	80,000 CAD	80,000 CAD	80,000 CAD
Tax (38% based on tax bracket)	-	15200 CAD	95,000 CAD
Total Income	-80,000 CAD	24,800 CAD	155,000 CAD

### G.2.3

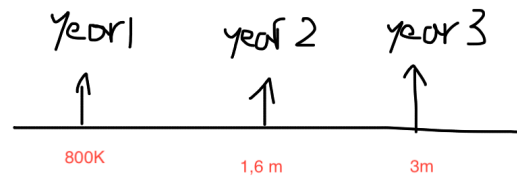


Figure 1. Income diagram

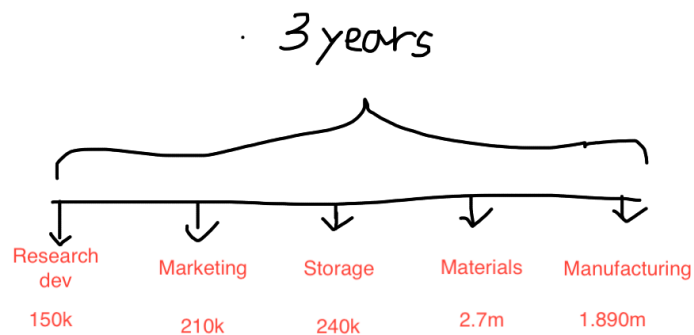


Figure 2. Costs diagram

Break-even point calculations:

According to the 3-year income statement, we need 80,000CAD in reserve in order to move on to the 2 year. In total 2000 units need to be sold in the second year to break even. Since

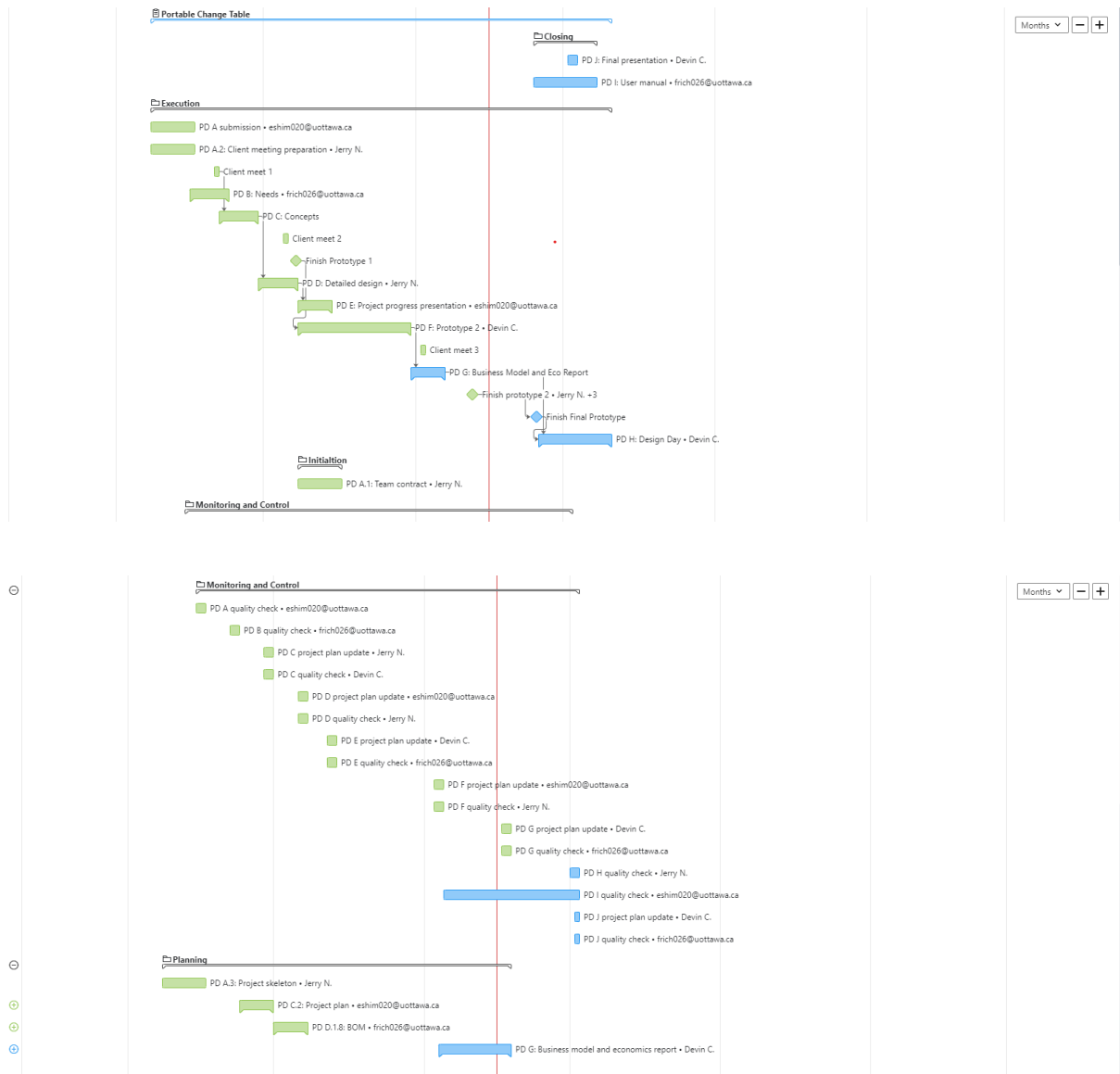
40,000 units are planned to be sold in the second year, which makes it 3,334 units per month. It is clear that the break even point is 1 year and 1 month.

#### G.2.4

According to *Statistics Canada* around 2.7 million Canadians have a mobility disability. One of the assumptions made is that at least five percent of this population will buy the product within the upcoming 3 years. Since typically businesses get more popular as time increases, it is reasonable to assume that the first year will be the least active with only 20,000 units sold. The second year will double the first year and in the third year the rest will be covered. According to the initial clients' needs the product must cost less than 100 CAD, so the price chosen will be 40 CAD as per the requirements and the current market for change tables which is around this estimate. The price to make one unit of our product is 12 dollars and the materials required is 20 dollars. These values are assumed based on the current market prices. It is also assumed that the marketing price is a constant amount, which includes advertising and promoting. The storage is assumed to be big enough to fit the entire 135,000 units, so it remains unchanged throughout the entire 3 years. According to the Ontario tax rules, every business falls under a certain tax bracket based on income.

# Project Plan Update

Below are the pictures of Gantt chart for plan updates



References:

Statistics Canada

<https://www150.statcan.gc.ca/n1/daily-quotidien/201203/dq201203a-eng.htm>