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13/11/2022

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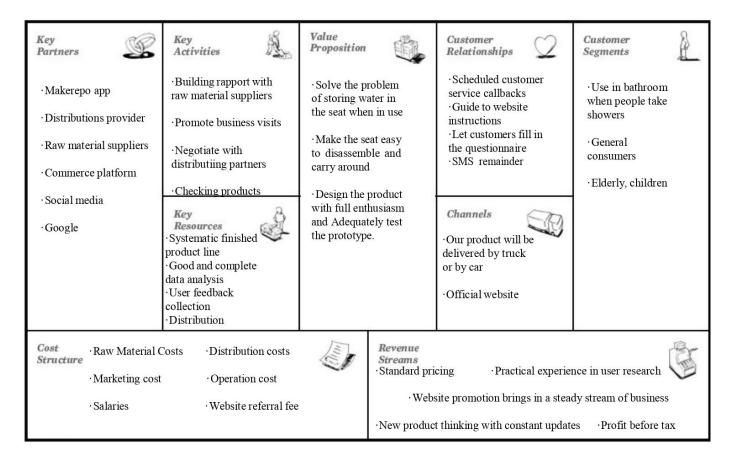
1. Introduction

In this deliverable we will discuss about our business model and economic report. For business model, we will discuss about what kind of business model we are in and why we are in that model. A canvas will be provided to give a thorough description about our business model. Then we will describe the detailed core assumptions of our business model. For economic reports, first we will categorize all the cost within our business model. Then we will develop a three-year income statement which includes sales revenue and costs. Finally, we will analyze the break-even point by using NPV analysis.

2. Business Model

Our business model will be Service providers and users since our team will make shower seats for the client, so it is obvious that we are providing services and the client enjoys them.

Below you can see our business model canvas:



The core concept of our product is to build a shower seat suitable for middle-aged and elderly users, and it can afford about 180 pounds' weight and it should be portable. And based on our business model, we have some characteristics that attracts customers. Basically, the price of our product is affordable for most of customers, and the low price is based on the materials or cots we build our product is relatively low. And our own website allows us to popularize our product easily and effectively. Furthermore, we have regular updates to our products to fix the problem exists. This constant promotion is based on the feedback system and data analysis. We will analyze the data and feedback from customers and decide how to update the products to satisfy customers' requirements. Also, the systemic finished product line is the base of all these.

3. Economic Report

Cost Table:

Costs	Variable	Fixed
Direct	 Chair components (Plastics, aluminum, etc.) Electricity consumption (semi-variable) Labour costs 	Facility rentalSalariesTaxes
Indirect	Utility costs	Health and SafetyStaff TrainingMarketing

These costs are based on running a small manufacturing facility importing materials to create the seats and ship them to retailers. It also includes costs for running offices with the purpose of management and marketing.

In the next table we will be assuming a cost of 50\$ per unit to manufacture and a sale price of 150\$ which is a 300% markup, which is around the average mark up on furniture. I will also assume the number of units sold per annum to be around 5,000-15,000, due to the small size of the market. Other assumptions will be made using prior knowledge gained from experience, family, and the internet. If the internet is used, the sources will be cited.

Income Statement (All Numbers are in CAD)	Year 1	Year 2	Year 3
Sales	800,000	1,500,000	2,250,000
Cost of Goods Sold	200,000	500,000	750,000
Gross Profit on Sales	400,000	1,000,000	1,500,000
Operating Expenses:			
Marketing	40,000	30,000	30,000
General Admin	190,000	190,000	190,000
Overhead	50,000	50,000	50,000
Labour	240,000	300,000	380,000
Equipment Rental	100,000	100,000	100,000
Total Operation Expenses	620,000	670,000	750,000

NPV:

Year	Cash Flow	NPV	Cumulative NPV
0	-620,000	-620,000	-620,000
1	-220,000	-\$200,000.00	-820,000
2	330,000.00	\$272,727.27	-547,273
3	750,000.00	\$563,486.10	16,213

Therefore, we need 3 years to break even as shown. The prohibitive cost and a negative cash flow in the first-year results in a 3-year breakeven point. This table is made using a 10% discount rate.

Assumptions:

The main assumptions made on this report are:

- 1. The number of products sold.
- 2. The price of the product.
- 3. The price of labor.
- 4. The price of equipment
- 5. The price of marketing

The number of products sold was based on the size of the assumed market for the product. It was small because of the niche use case of the seat. The price was based on the cost to create the prototype minus the assumed cost saving per unit when mass produced. The price of labor and salaries was based on experience working in a factory. The price of equipment was based on past reports. Finally the price of marketing was based on asking marketers related to the group.

4. Conclusion

In conclusion, our product shower seat is found to have a profitable potential if converting from an idea to a startup company. A "Service providers and users model" was used as the business model focused on turning raw materials into products and selling to potential consumers. Expenses include rent, electricity, materials, labour costs and overhead. These expenses over 3 years are combined with a potential number of units sold to generate an income statement. The net income in third year was \$750,000. Overall, with the current findings, the portable shower seat can be found to be profitable.

5. Wrike Snapshot Link

 $\underline{https://www.wrike.com/frontend/ganttchart/index.html?snapshotId=NVeMZ1RlLf3RQsr}\\ EbRA8ksr8ocsdzKe9\%7CIE2DSNZVHA2DELSTGIYA$

Works Cited

Waits, Kentin. "Cheat Sheet: Retail Markup on Common Items." *Wise Bread*, Wise Bread, https://www.wisebread.com/cheat-sheet-retail-markup-on-common-items#:~:text=Furniture%20Markups%3A%20200%2D400%25&text=Salespeople%20usually%20 receive%20a%2015,allowed%20to%20sell%20the%20item.