

MAKE A NEW  
FURNITURE  
BRAND IN IRAN

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# IRAN



# INTRODUCTION



## Flag of Iran.

The tricolor flag was introduced in 1906, but after the Islamic Revolution of 1979 the Arabic words 'Allahu akbar' ('God is great'), written in the Kufic script of the Qur'an and repeated 22 times, were added to the red and green strips where they border the white central strip

## The national emblem

a stylized representation of the word Allah in the shape of a tulip, a symbol of martyrdom in red is centered in the white band

## Motto:

Independence, Freedom, Islamic Republic

## Government:

Islamic republic

## Capital:

Tehran

## Official language:

Persian

## Population:

2011 estimate 75,312,458



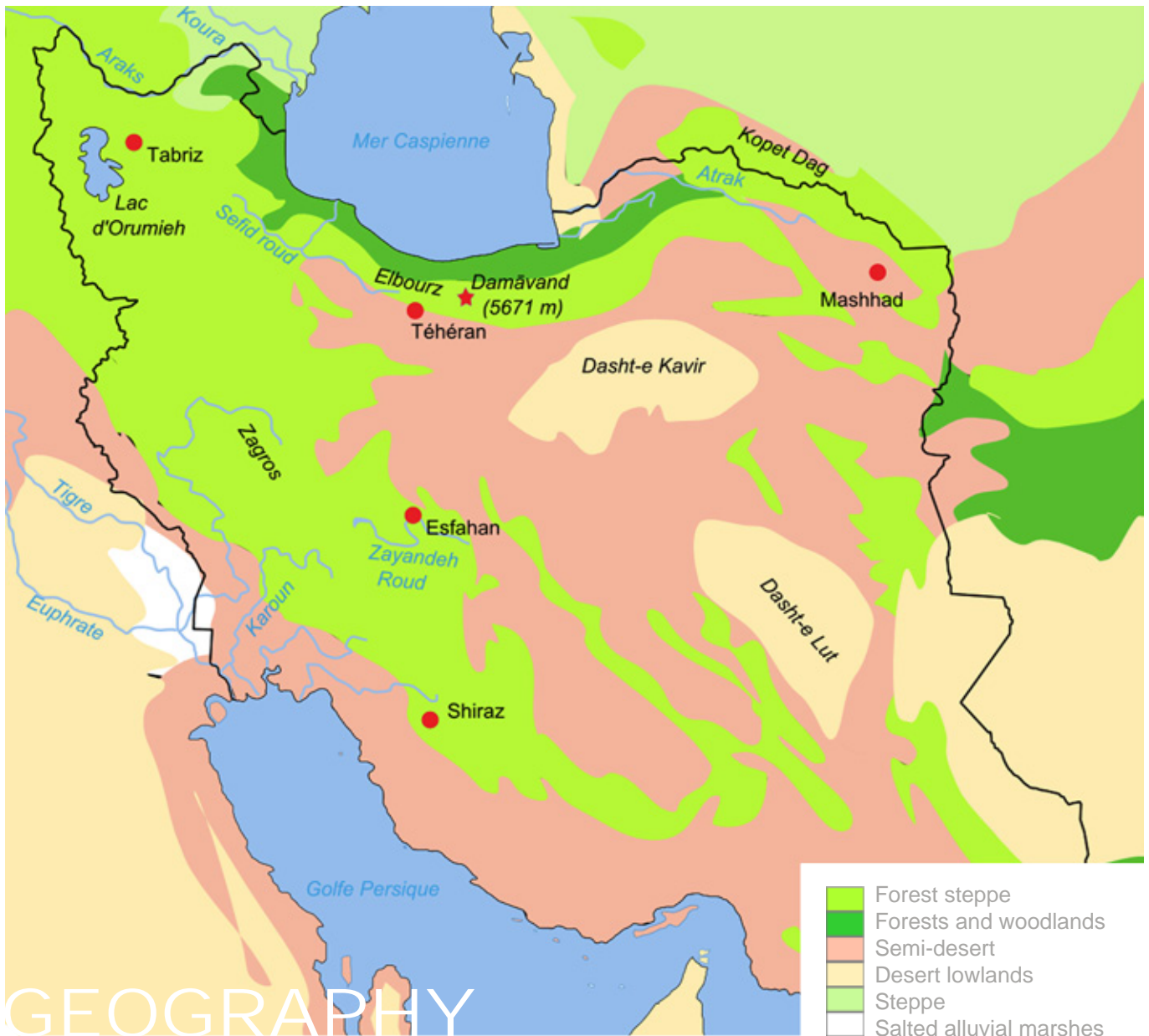


## IRAN (PERSIA)

As one of the oldest ancient civilizations of the world, it has influenced different parts of the world from the Nile River to Europe via its culture. It is located along the historical trade route of the Silk Road, the world's oldest route; imagine that used to train of camels passed through the route. Iran enjoys a great legacy of ruins and hallowed stonework. Culture is an integral part of Iranian civilization.

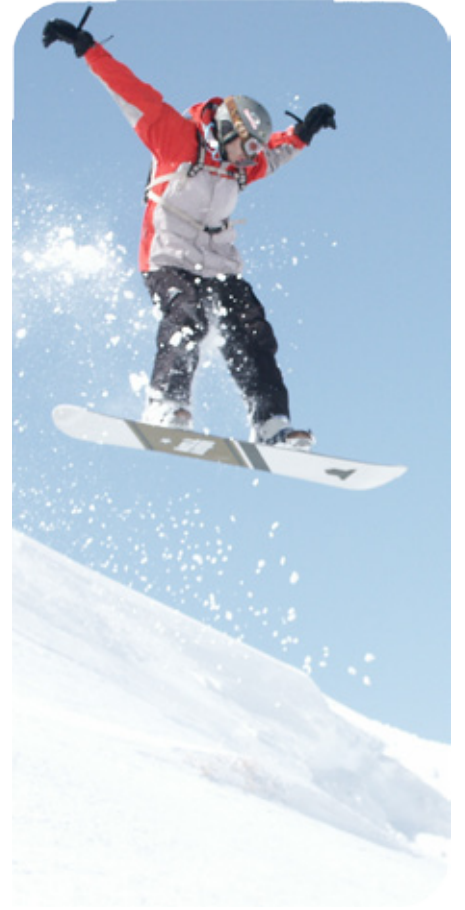
Recent archaeological studies indicate that as early as 10,000 BC, people lived on the southern shores of the Caspian, one of the few regions of the world which, according to scientists, escaped the Ice Age. They were probably the first men in the history of mankind to engage in agriculture and animal husbandry.

The art, music, architecture, poetry, philosophy, traditions, and ideology of Iran have made it a continuously important nation in the global community. In fact, many Iranians believe their culture to be the one and only reason why their civilization has continuously survived thousands of years of plethoric calamities. Iran, with respect to its geographical condition, is a paradise for all of the nature lovers.



# GEOGRAPHY

**Iran** is the 18th largest country in the world, with an area of 1,648,000 km<sup>2</sup>. Iran is located in southwest Asia and borders the Gulf of Oman, Persian Gulf, and Caspian Sea. Its mountains have helped to shape both the political and the economic history of the country for several centuries. The mountains enclose several broad basins, or plateaus, on which major agricultural and urban settlements are located. The plateau is surrounded by even higher mountains, including the Zagros to the west and the Elburz to the north.



# CLIMATE

**Iran** has a variable climate. In the northwest, winters are cold with heavy snowfall and subfreezing temperatures during December and January. Spring and fall are relatively mild, while summers are dry and hot. In the south, winters are mild and the summers are very hot.



**Iran climate map**

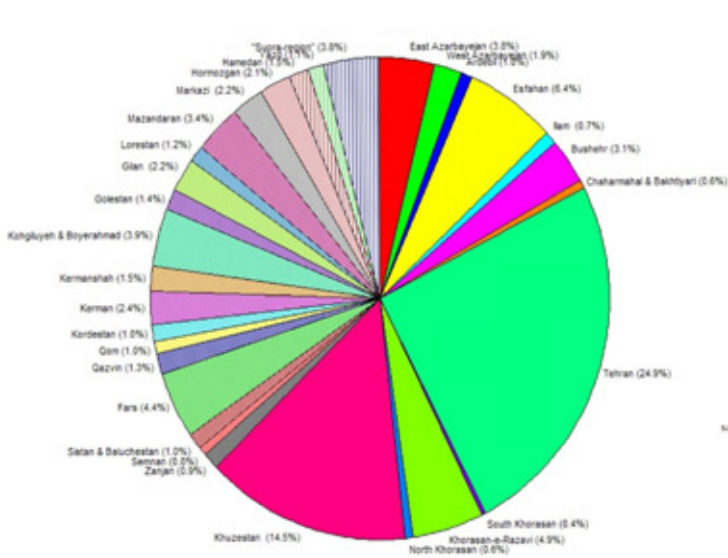
- Caspian Mild and Wet
- Caspian Mild
- Mediterranean with Spring Rains
- Mediterranean
- Cold Mountains
- Very Cold Mountains
- Cold Semi-Desert
- Hot Semi-Desert
- Dry Desert
- Hot Dry Desert
- Hot Coastal Dry
- Coastal Dry



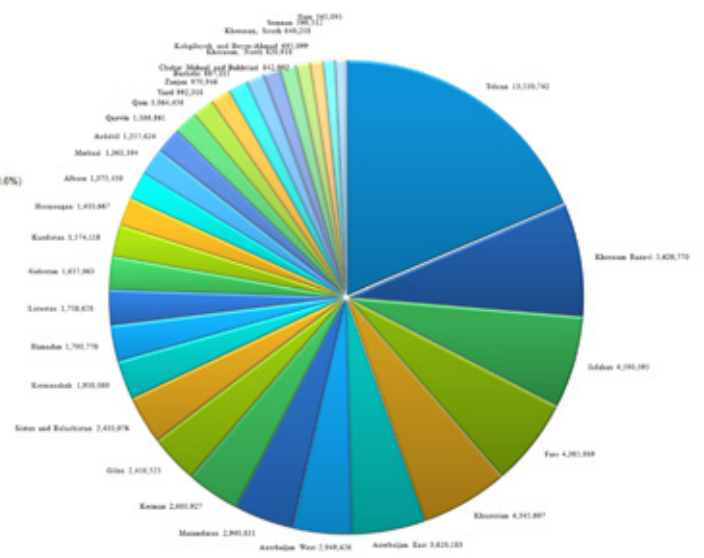


# PROVINCES

Iran is divided into thirty one provinces, Iran has one of the highest urban growth rates in the world. From 1950 to 2002, the urban proportion of the population increased from 27% to 60%.

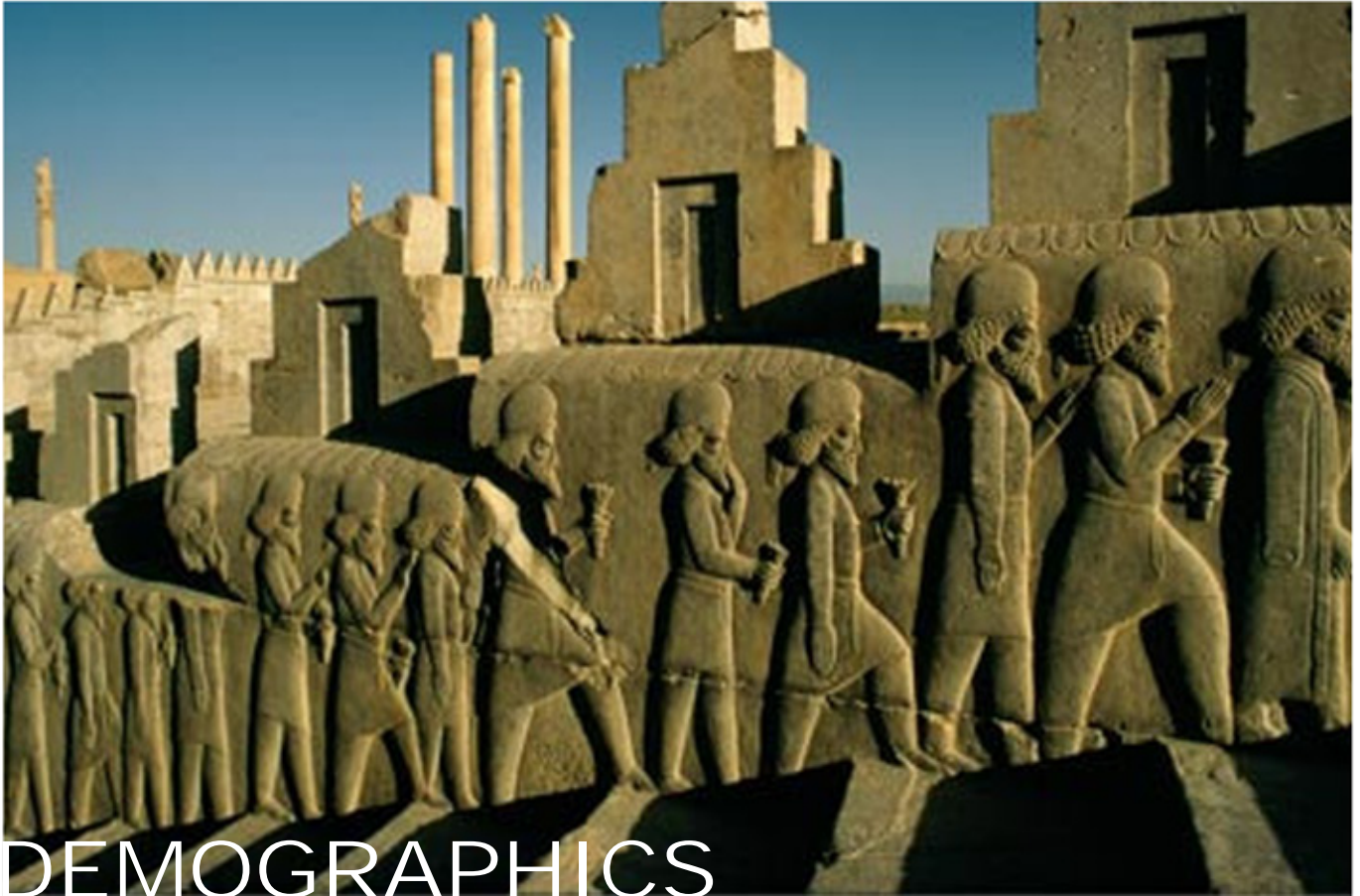


Pie chart of province's contribution to GDP



Pie chart of Iran population by province





# DEMOGRAPHICS

## POPULATION

Iran's population increased dramatically during the later half of the 20th century, reaching about 72 million by 2008.

In recent years, however, Iran's birth rate has dropped significantly. Studies project that Iran's rate of population growth will continue to slow until it stabilizes above 90 million by 2050.

More than **two-thirds** of the population is under the age of 30, and the literacy rate is 83%.

Age structure (2010 est.)

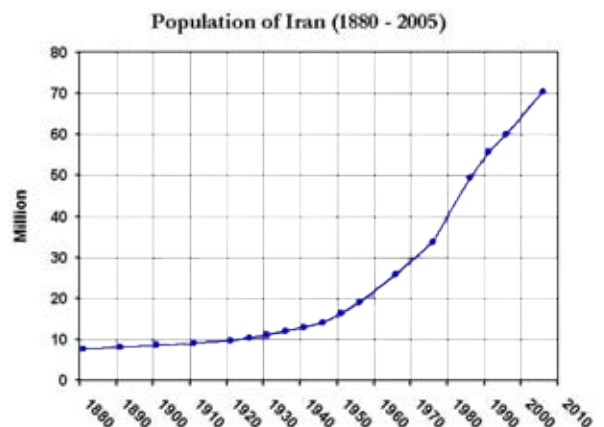
0-14 years: 21.7% (male 7,394,841/female 7,022,076)

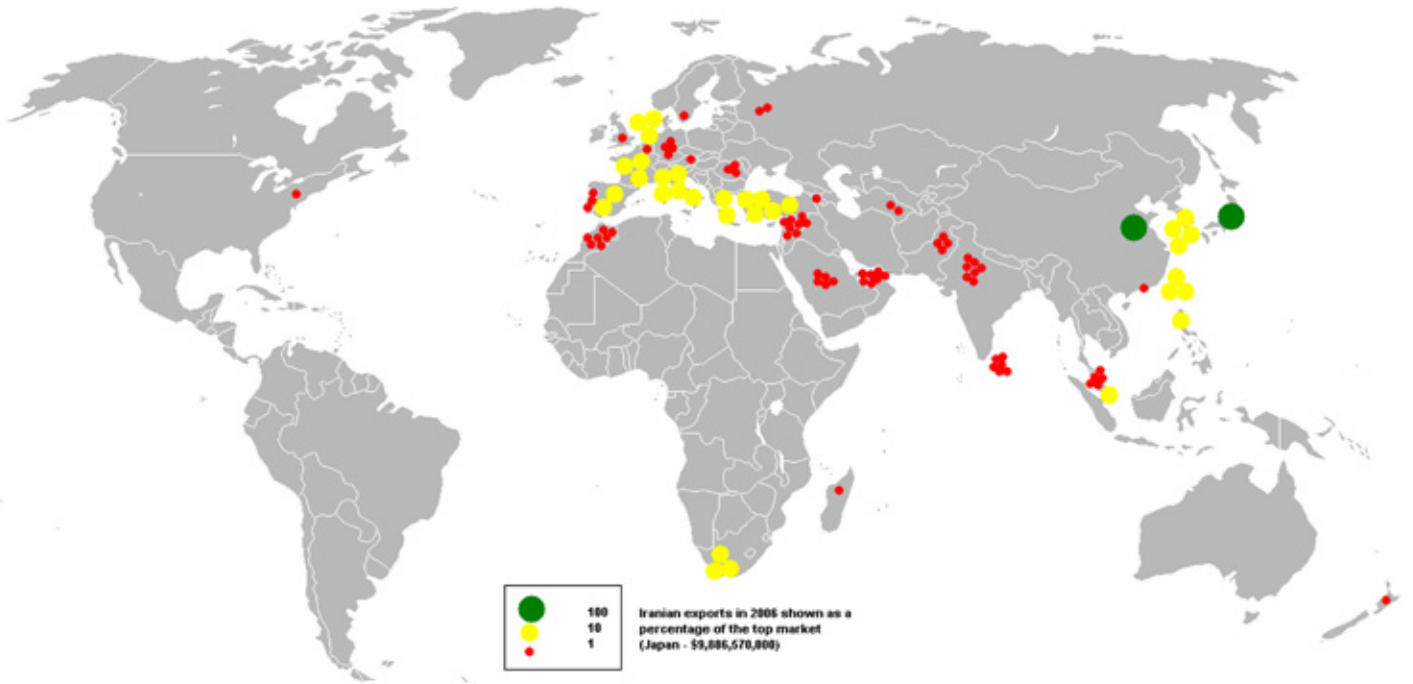
15-64 years: 72.9% (male 24,501,544/female 23,914,172)

65 years and over: 5.4% (male 1,725,828/female 1,870,823)

## RELIGION

Most Iranians are Muslims. Around 90 to 95%, belong to Shi'a branch of Islam, the official state religion, and about 4 to 8 percent belong to the Sunni branch of Islam. The remaining 2% are non-Muslim religious minorities, including Bahá'ís, Mandaeans, Yarsanis, Zoroastrians, Jews, and Christians.





Iranian exports in 2006. Pistachios, liquefied propane, methanol, hand-woven carpets and automobiles are the core items of Iran's non-oil exports.

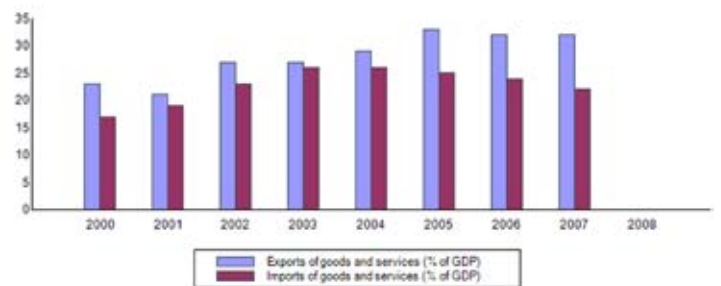
# ECONOMY

The economy of Iran is the eighteenth largest in the world by purchasing power parity (PPP).

The economy of Iran is a transition economy with a large public sector and some 50% of the economy centrally planned.

## Sectors of the economy

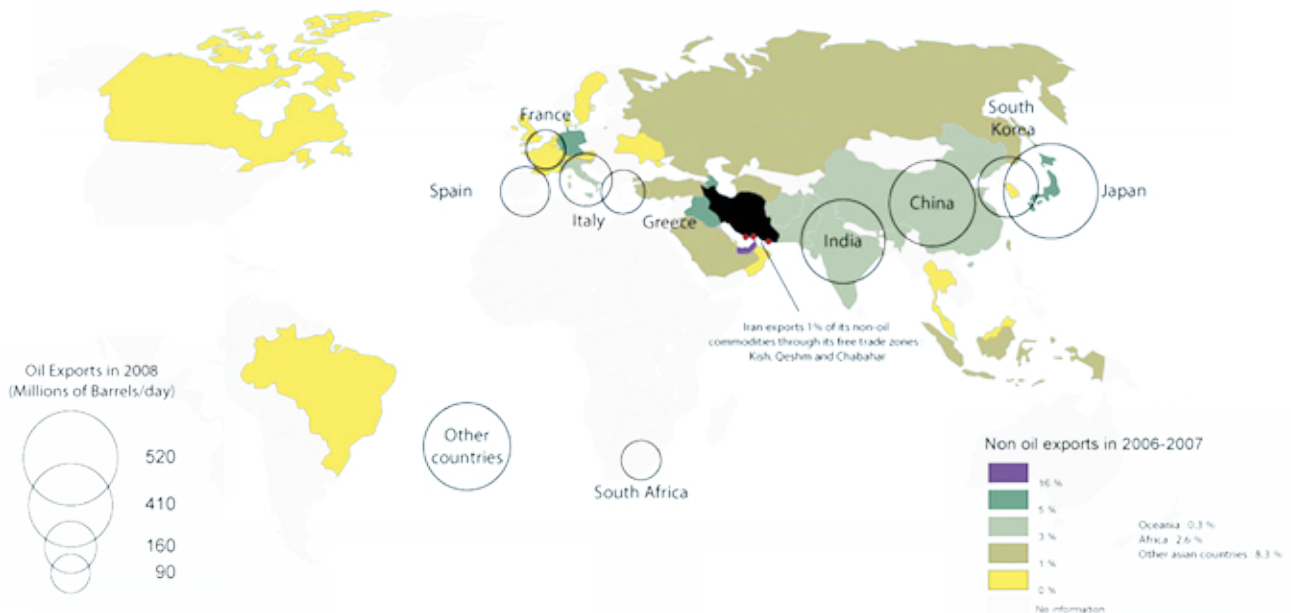
- Agriculture and foodstuffs
- Manufacturing
- Handicrafts
- Automobile manufacturing
- Defense industry
- Construction and real estate
- Energy, gas, petroleum and petrochemicals
- Services
  - Retail and distribution
  - Healthcare and pharma
  - Tourism and travel
- Banking, finance and insurance
- Communications and IT
- Transport



Balance of trade, Iran (2000-2007).

## Statistics

- GDP: \$863.5 billion (2010 est.) (PPP; 19th)
- 337.9 billion (2010 est.) (nominal; 29th)
- GDP growth: 3% (real growth; 2010 est.)
- GDP per capita: \$11,200 (2010 est.); (PPP; 99th)
- GDP by sector: agriculture (11%), industry (45.9%), services (43.1%) (2010 est.)
- GDP by component: Private consumption (36.4%)
- Government consumption: (10.3%)
- Gross fixed investment: (23.9%)
- Exports of goods/services: (34.6%)
- Imports of goods/services: (-19.7%) (2008 est.)[11]
- Inflation (CPI): 11.8% (2010 est.)
- Population below poverty line: 18.7% living below \$11/day (2006)[12]
- 3.1% living below \$2/day (2006)[13]



Map of Iran's international trade Exports of non-oil products in 2006-2007 Oil exports in 2008[8]

# INDUSTRY

According to a report by the Economist, Iran has been ranked 39th for producing \$23 billion of industrial products in 2008.

From 2008 to 2009 Iran has leaped to 28th place from 69th place in annual industrial production growth rate.

A recent report by the World Fact Book ranks Iran 3rd among "emerging industrial powers" in the world (after China and India) in terms of its industrial growth. Overall, Iran is ranked 31st in the world in terms of its industrial production growth rate.

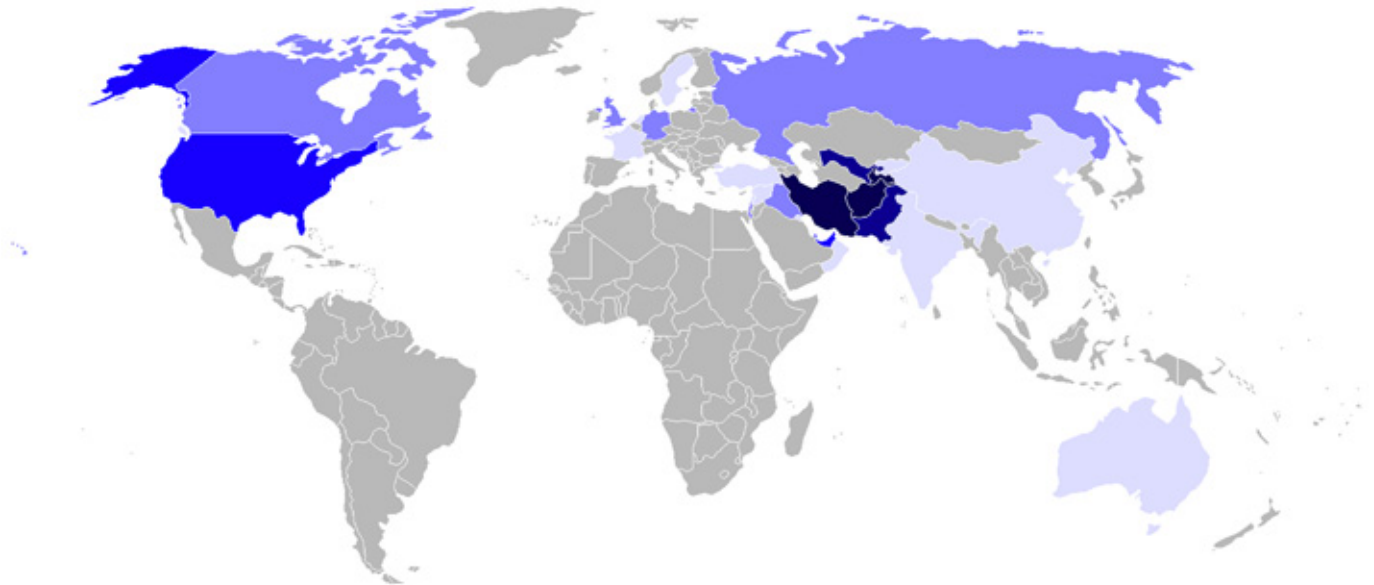
## Sectors of the industry

- Food industry
- Retail industry
- Brands
- Automotive industry
- Defense industry
- Construction industry
- Mining & metals
- Textiles and apparel industry
- Aviation industry
- Pharmaceuticals & healthcare industry
- Oil, gas and petrochemicals
- Electronics and computer industry
- Telecommunications
- Banking industry
- Tourism industry
- Naval industry



## Industry and mining of Iran





# CULTURE

The Culture of Iran is a mix of ancient pre-Islamic culture and Islamic culture. Iranian culture has long been a predominant culture of the Middle East and Central Asia.

## Culture Points

- Persian garden
- Architecture
- Teahouses
- Cuisine
- Cinema
- Music
- Sport
- Art

## MapOfPersianSpeakers

- Official language  
Iran, Afghanistan, Tajikistan
- More than 1,000,000 speakers  
Uzbekistan, Pakistan
- Between 500,000 - 1,000,000 speakers  
United States, United Arab Emirates
- Between 100,000 - 500,000 speakers  
Germany, United Kingdom, Russia, Canada, Israel, Iraq, Qatar
- Between 25,000 - 100,000 speakers  
France, Netherlands, Sweden, Turkey, Syria, Lebanon, India, Bahrain, Oman, Kyrgyzstan, China, Australia
- Less than 25,000 speakers/none



## NOWRUZ

is the name of the New Year marks the first day of spring & the beginning of the year in Iranian calendar, which usually occurs on March 21.







# CUISINE

**Cuisine** of Iran is of a wide variety and the culinary of Iran reflects the tradition of the country and the region in a great way.

Cuisine of Iran comprises of both cooked and raw foods.

The cooked foods are mostly non-vegetarian and the raw foods comprises of fruits and nuts, herbs and vegetables.

Cuisine of Iran speaks of the wide variety of appetizers and desserts that is more famous all over the world.

Cuisine of Iran goes bland without the spices used in a special.

Way in most of the dishes Some of the major dishes that Cuisines of Iran extensively and importantly consists of are the rice, bread.

There are varieties of rice preparation, the preparation differs with region and course of the meal. Chelow, Damy, Pollo and Kateh are the most common rice preparation famous in Iran.

The bread are referred to as Nan. Iranian Cuisines also stands famous because of the wide range of drink that they make from several fruits.

The traditional drink that people have with the meal is known as Doogh. Sharbat and Khak sheer. are the types of drink that is popular in Iran.





## ART & ARCHITECTURE

**Iranian cultural region** - consisting of the modern nations of Iran, Armenia, Turkey, Afghanistan, Tajikistan, Azerbaijan, Uzbekistan, and surrounding regions - is home to one of the richest art heritages in world history and encompasses many disciplines including **architecture**, **painting**, **weaving**, **ceramic**, **calligraphy**, **woodworking**, **metalworking** and **stone masonry**.

A cursory glance at the history of art reveals that social, political and economic conditions have always played a major role in the emergence of new artistic currents and styles.

In Iran, the social and political developments of the 1940s radically altered the evolution of this country's plastic arts and entirely altering its natural path.

**The modern art movement** in Iran had its genesis in the late 1940s. Contemporary architecture in Iran begins with the advent of the first Pahlavi period in the early 1920s.

**Persian architecture** is the architecture of Iran that has a continuous history from at least 5000 BCE to the present, with characteristic examples distributed over a vast area from Turkey to North India and the borders of China, from the Caucasus to Zanzibar. Persian buildings vary from peasant huts to tea houses, and garden pavilions to "some of the most majestic structures the world has ever seen".





**BEFORE**  
**NOW**







**BEFORE**  
**NOW**







**DESIGN  
FASHION**

*NK*



# COUNTRY SWOT ANALYSIS

for Iranian Brand in furniture sector

Iran is famous for its heritage & culture, and it's one of the most reliable and larg Handicraft producers across the world. Iran is the 18th economy in the world by purchasing power parity

Numerous sanctions against Iran, and trade barriers.

High cost production and laborship.

**Young** country with more than 75 million population and just about 5% over 65 years, makes a good market. Numerous craft centers & skilled craftsmans.

**Competitors** are capable of producing cheaper products with the same design. **Imported** products from other countries such china.

# HANDICRAFT

Carpet  
Rug  
Ghalamkar  
Kilim  
Embroidery  
Zaridozi

Weaving

Carving  
Moarragh  
Monabbat

Wood works

Stone &  
Glass

Ceramic  
Pottery  
Mosaic  
Glassware  
Mirrorwork

Metal works

Khatamkari  
Minakari  
Toreutics





# PATTERN







Glass



Tile



Mirror

# Material



Wood



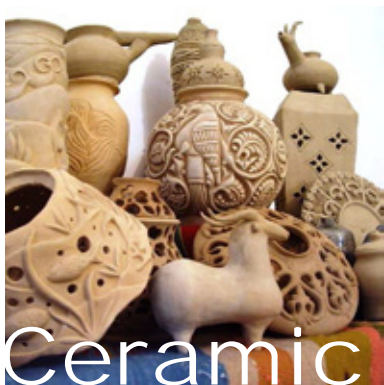
Wool



Bamboo



Copper



Ceramic



Metal

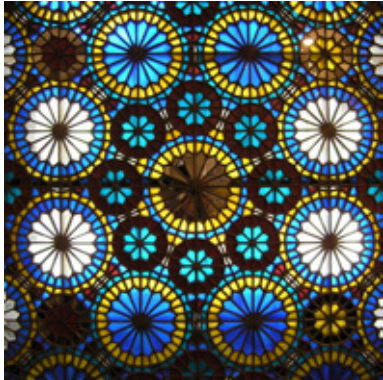
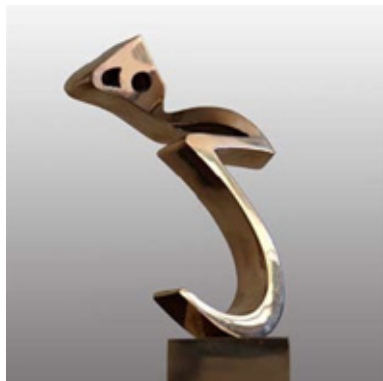
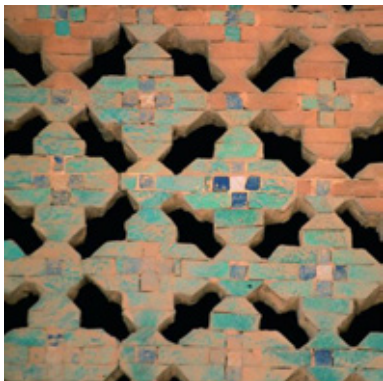


Silk





Forms







Glass Work



Mosaic



Mirror Work

Technic



Felting



Batik



Weaving



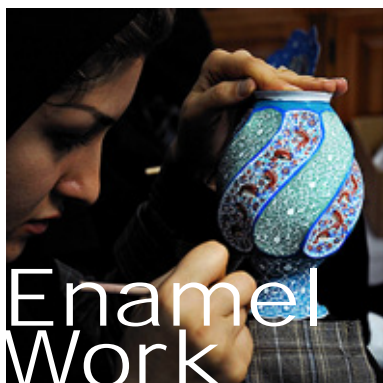
Bamboo



Metal Work



Pottery



Enamel Work



Inlay





# Product



# INSTANCES

The Use of Craft in Contemporary Design

# Pleated Pleat

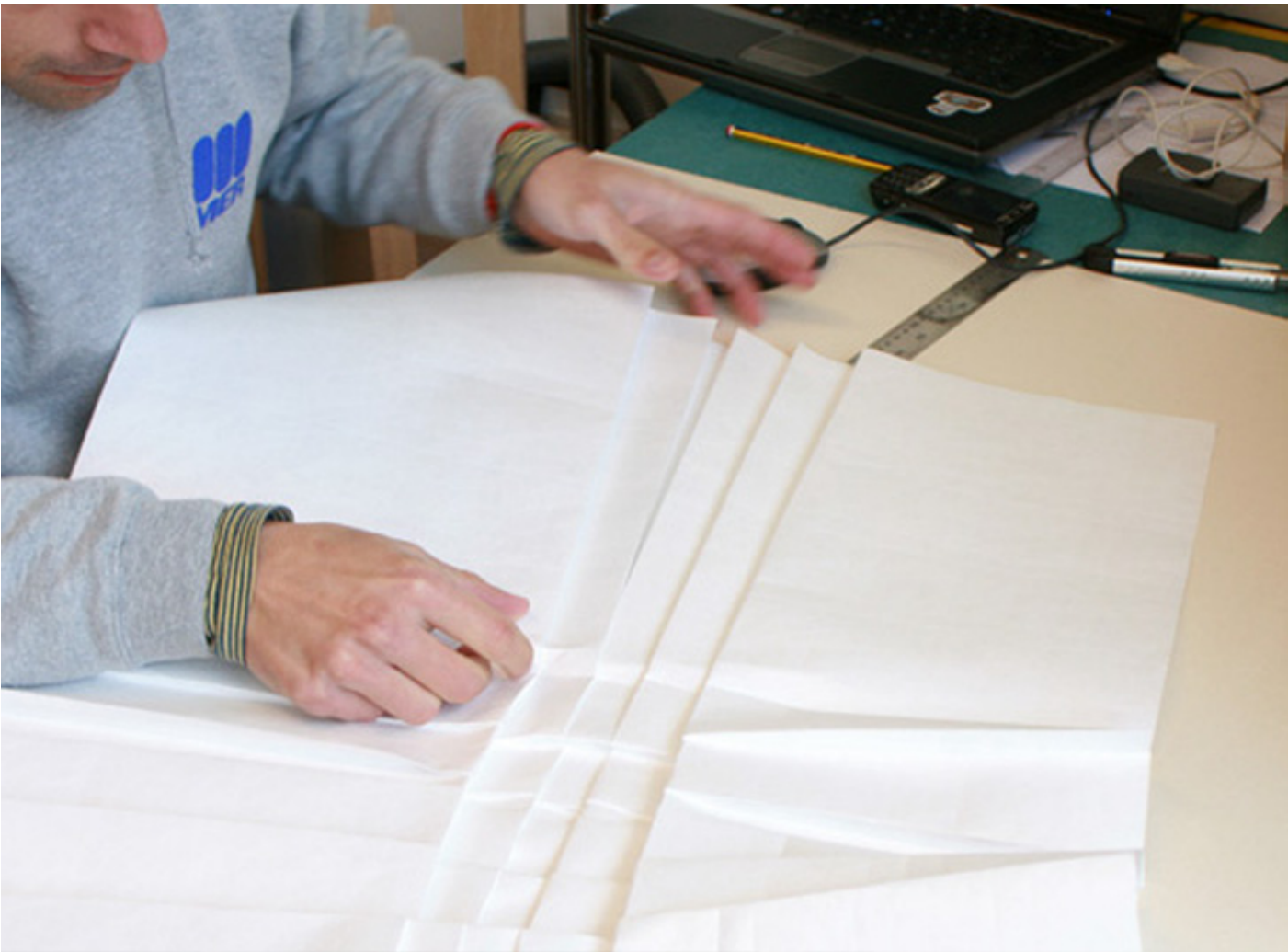
Hand Made - DuPont™ Tyvek® and soft polyurethane foam

Raw-Edges DESIGN STUDIO

Borrowing a technique used in fashion production, Raw-Edges folds and re-folds DuPont™ Tyvek® to create a series of plush seats. The method of pleating allows the flat, non-elastic material to become a springy, three-dimensional cushion when filled with soft polyurethane foam







# KENNETHCOBONPUE

Each piece in the KENNETHCOBONPUE collection is meticulously hand-made by Filipino artisans using skills passed down from many generations.

We take pride in our rich tradition of craft and invest in its development through education, research and experimentation ensuring that this part of our culture remains alive and well for everyone to enjoy.

The La Luna chair shown here starts with a core fashioned out of natural rattan vines coiled around a mold.

This core is taken out of the mold and supported with rattan pole braces and turned wooden legs.

We take layers of jute sack and latex foam and lay them on the inside to form a soft but firm back cushion.

Fine rattan strips are carefully selected and dyed to be used for weaving.

These natural fibers are woven on the exterior of the chair in a checkered pattern becoming a fine tight weave as it moves to the interior.

With skill and precision our weavers deftly stitch both patterns together.

The result is an object that cleverly shows how a weave makes a smooth transition from one pattern to the next seamlessly.

As our pieces make their way from our workshop to you we hope you become part of the living traditions.







# Tailored Wood

Self-production

Raw-Edges DESING STUDIO

A technique similar to that used in the clothing industry is applied to furniture. A pattern is generated and when assembled, the resulting void is filled with foam. Just as a suit is altered to fit the client, the furniture is custom made and adapted .to fit the user be they tall, short, skinny or fat

The process is unconventional in terms of industrialised furniture, in that it proposes a construction technique without a mould. The pattern itself becomes both the defining surface and the mould. In a sense it is a reversal of upholstery in which normally a skin is applied over the .stuffing







# The Coiling Collection

Raw-Edges DESING STUDIO

Each object is made by wrapping strips of felt around wooden structures and coating one side in silicon, which soaks into the fibres to form a rigid object.

Long strip of felt is coiled and formed into a three dimensional body. One side of the felt is being left in its natural softness, where the other side is saturated with silicon.

The felt absorbs the silicon into its fibres and together they set into a hybrid material with structural build.

The principle has been inspired by composite materials, a combination between bonding and structural materials, similar to reinforce concrete or the ancient cob set from mud and straw.







# SECOND SKIN CHAIR

QUINZE & MILAN

For the Second Skin chair Quinze & Milan stripped down the notorious easy chair from all unnecessary frills, until they were left with nothing but its core, the bones.

What was left was a deconstructed chair and with traditional upholstery in leather in mind, Quinze & Milan started playing - the 21st-century interpretation of result «a comfortable chair reflecting a time-honoured craftsmanship.

The Second Skin Chair features color-dyed leather, exchangeable fabrics by Kvadrat and a wooden framework.

A strikingly simple framework, created from massive lacquered oak, supports a generous piece of leather skin which is wedged between the back and arm rests.

Each chair is constructed by hand and totally unique, due to the variety in cut-outs of big pieces of leather and the way they are draped around the framework.







# Designing BRAND Identity

1

Conducting  
Research

2

Clarifying  
Strategy

3

Designing  
Identity





## Market Research

Dining room and living room furniture make up approximately 60% of the furniture market. To analyze the market potential of our products in Iran we will collect information from a number of sources.

The retail owners/managers are able to provide us with information regarding local consumer trends, level of demand and level of competition.

To determine the potential mid term demand for household furniture in the region we collected statistical information from the local Economic Development Office and Statistics Tehran. Additional information is obtained from the economy & industry research reports, internet, magazine & newspaper.

## Size of the Industry

Furniture making is one of the oldest industries in Iran. Based on data from the Home and Office Furniture Exporters Union, in 2004 there were more than 50,000 furniture manufacturing enterprises in Iran, accounting for 13.9 percent of the total number of enterprises across all industrial sectors in the country. Based on Central Bank data, of these, approximately 1,000 enterprises had more than 10 employees.

There are 12 furniture manufacturers with more than 100 employees. In 2004, the production value of the furniture industry was US\$1.2 billion. In 2004, Iranian furniture imports came primarily from Turkey (US\$2.4 million), UAE (US\$2.1 million), China (US\$1.07 million). All other countries accounted for US\$0.9 million. From 2000 to 2004 Iranian furniture exports declined continuously in contrast to increasing imports. Azerbaijan has historically been Iran's main furniture export market followed by Armenia.



## Key Product Segments

The furniture industry consists of three sectors: household furniture (46%); office furniture (19%); and other furniture (35%) including hotel, restaurant and institutional furniture. Wooden furniture represents 59% of household furniture sector, followed by upholstered furniture (32%) and metal and plastic furniture (9%). Dining room and living room furniture make up approximately 60% of the wooden furniture market. The remainder is comprised of bed room furniture and kitchen cabinets. Manufacturers tend to specialize in either household furniture or in kitchen cabinets. As manufacturers grow they develop new designs and product lines within their area of specialty.

## Key Market Segments

The key market segments of the household furniture industry are furniture retail outlets and the consumer. Household furniture manufacturers sell to the consumer through retail outlets. There are approximately 4800 retail stores across Iran that carry household furniture. These outlets include independent retail stores (50%), furniture chain stores (20%), The Chamber of Commerce reports that there are 1400 retail outlets carrying furniture in Tehran province area. These retail outlets include small independent retailers (80%), furniture chain stores (15%) and discount stores (5%).





## Purchase Process and Buying Criteria

The furniture buying process is complicated in that potential consumers buy furniture through retailers and not directly from manufacturer.

Our company considers the buying criteria of both the consumer and the retailer. Consumer purchasing decisions are typically based on style, design, perceived value, quality, and price of the furniture, the reputation of the manufacturer as well as the reputation of the retailer from whom they buy the furniture, the level of customer service provided, and financing terms.

Retailers can buy product directly from manufacturers and from agents representing manufacturers. The purchase criteria of the retailers varies by retailer and their target markets. Retailers buy product that they feel will best meet the price, quality and design needs of their customers.

## Description of Industry Participants

There are 60 thousand guild unions in the decoration and furniture sector and they specify 8% share in the country's employment directly and indirectly.

And unfortunately this art-craft is not in a suitable position despite of high financial circulation. the cost price for each kilogram of exported good was around \$3.14; however, the imported price is around \$2.22.

This matter shows that we could not achieve competitive advantage in cost price.



## Key Industry Trends

Active since the 1960s, the Iranian furniture industry has developed considerably in the past ten years to reach medium levels of mass production.

Currently there are roughly 55,000 firms operating in the field of furnishings involved in production, trade and consulting ( 11,000 in Tehran alone ).

For 25 years Iranians firms were isolated from the trends underway in the rest of the world, since the importation of finished products and machinery was prohibited.

Since 1998 imports of woodworking machinery have resumed and since 2002 also import of furniture.

The reopening of the market has encouraged Iranian industrialists to compare their production with that of foreign goods and thus perceive the need to make a qualitative leap in order to compete on the international markets.

Products currently available on the market are mainly classic furniture ( in wood with finishing's in damask fabrics ) thanks to the ability of the local master cabinetmakers who, to a large degree, were trained and inspired on the model of French period furniture. Recently there has been increased interest in contemporary design furniture.

## Industry Outlook

The market outlook for household furniture in Iran is positive.

Demand growth is generated from segments of the population has been grown in 30 past years .

Domestic demand for upholstered and wooden furniture is growing due to changing consumer purchasing trends.

consumers no longer view furniture as a once-in-a-lifetime investment. As a result, the demand for contemporary designs is increasing.





## Brand brief

Our furniture manufacturing company located in IRAN. The company originally specialized in “semi craft” in a unique line of living room, dining room and office furniture to be sold through local and regional retail outlets.

The design and style of our product line is unique. We offer superior quality and design at competitive prices. Our affordable designs are a modern version of popular antique craft, fit into today’s homes and offices.

some of Our products are available in a variety of resilient finishes and colors so that customers have the flexibility to customize our furniture to their individual tastes.

We also use superior quality hardware and skilled craftsman in a variety high quality finishes.

Our furniture is made from various materials and produce methods. We will continue to expand and develop our existing product lines and add new product lines such as kitchen, bedroom and bathroom furniture . It is our goal to design and introduce 3 to 5 new products per year.

The brevity of the brand brief helps decision makers stick to the fundamental percept of the brand

Jon Bjornson



## Ownership and Management

Our company will incorporate under the laws of Iran and is owned and operated by two partners. Both partners are involved in its operations and design and have extensive experience in the household furniture industry for the past 10 years. one as designer and the other one as manager. The designer worked for a small wooden furniture manufacturer for 5 years and the manager worked as a production manager for 2 years for a furniture manufacturer.

## Key Initiatives and Objectives

Our primary objective is to produce in small manufactory and collaboration with other manufacture , industries and craft centers sell through Ownership store and some retailers in Tehran area . and then increasing production volumes, which will enable us to increase our retail distribution and sales. it is our goal to double our number of retailer distributors in the next year. Some new machine and techniques and materials will also enable us to cost effectively expand our product lines to meet customer demand.

## Marketing Opportunities

Short term demand for household furniture is driven by disposable income and interest rates while housing starts and income growth drive mid to long term demand. The local Economic Development is going well, and There are not enough furniture retailers and manufacturers in the area to satisfy demand and our company is in an excellent position to capitalize on this opportunity.





## Competitive Advantages

Our competitive advantages such using craft system and high skill craftsman include our unique furniture design and quality, a competitive pricing strategy, strong market demand, and a strategic location, distributors, and consumers.

Competitive production advantages include our flexible manufacturing system which enables us to design and produce various products.

## Marketing Strategy

Our company's promotional strategy targets both potential retail outlets and potential consumers.

We produce a catalogue featuring company's product lines and samples that are distributed to targeted retailers.

Retailers can use the catalogue to show potential customers any products not displayed in their showroom and to order additional product.

A brochure has been developed on each product line that is distributed to interested consumers through the retailers. The samples show customers the actual finishes and stains available with our product lines.

Our products are priced competitively and take into account production costs, competitive pricing strategies and consumer price sensitivity. The company's goal is to provide good design & quality furniture for a reasonable price.

## Recognition of Risk

This brand plan represents management's best estimate of the future potential of business. It should be recognized that not all major risks can be predicted or avoided.

And it should be evaluated prior to any investment.



## Vision and Mission Statement

Our company start innovative home & Office furnishings manufacturer. We offer our customers superior quality furniture and unique designs at affordable prices through a number of reputable retail outlets. We will continue to expand our product lines and introduce new designs, based on the needs and demands of market and customers.

## Objectives

Our primary objectives for the first year are to:

- 1.Design and produce high quality and unique furniture.
- 2.Reach the customers and earn sufficient and competitive income.

Our objectives over the next year are to:

- 1.Improve productivity and reduce costs. A bank loan for 800,000,000 Rials will be obtained to extend the company.
- 2.Increase sales during the next 12 months by increasing retail distribution of our new product lines.
- 3.Expand our product lines to meet customer demand. We will introduce three new types of products.
- 4.Expand distribution of our product lines within Iran. Our product is sold through three retailers in Tehran area. Over the next 12 months, our goal is reaching investors to open an other ownership stores and to double the number of retailers carrying our product lines in other big cities such Mashhad, Isfahan, Tabriz, Karaj and Shiraz.



## Description of Products and Services

Our company produce and sells semi craft furniture based on persian craft forms, colors, patterns and techniques and materials including living room, dining room and office. We will expand production to include kitchen, bathroom and bedroom. In some product the consumer can have their furniture customized with their preferred pattern or color.

### Services

1. Transportation: The company including retailers provide product transportation for customers.
2. Guarantee: All products have 1 to 3 years guarantee.
3. Electronic services: In order to improve customer's services as well as decreasing meantime, facilitating service provision and better supporting, the company has to creat an electronic website to provide some of it's services as online
4. Technical consultation: In order to improve customer's services, consumers and consultation companies can contact with sales engineering department and receive technical and designing information.

### Key Features of the Products and Services

The design and style of our product lines is unique. We offer superior quality and design at competitive prices. Our affordable designs are a modern version of popular antique craft, fit into today's homes and offices.





## Production of Products and Services

Our furniture is manufactured on site using either other manufacture industries and craft centers.

The components of our furniture are produced in small volumes and kept in stock. As orders are received from retailers specifying the customers desired products and finish, the part are assembled.

## Future Products and Services

We will continue to expand and develop our product lines and add new product lines such as kitchen, bathroom and bedroom furniture. Our products, design, and finishes and stains will continue evolve based on consumer trends and demand. We obtain feedback from local retailers and attend furniture trade shows to determine what furniture trends are popular. Based on this information and local demand, it's our goal to design and introduce 3 to 5 new products per year.

## Comparative Advantages in Production

Our plant uses a flexible manufacturing system that enables us to shorten our production runs and effectively fill small orders. Our plant workers are highly skilled craftsman with extensive experience. Our productivity levels and material are high and our material and minimal wastage.

This experience, combined with intelligent designs and increased productivity resulting from the purchase of moden machine, gives us a competitive advantage over other producers around us.



## Target Markets

Our primary target market includes independent furniture retailers in Tehran. Secondary markets include independent retailers in other provinces in Iran.

As our company grows and sales volumes increase, foreign countries will be targeted.

Our primary consumer target market is Young adult and Middle age people & families with middle class and upper economy status, including house, office, hotel, studio etc...

## Description of Key Competitors

There are two types of competitive furniture companies in Iran who produce or import furniture for our target markets. First competitors are domestic manufacturers which produce classic Furnitures.

Second competitors are companies which import modern furniture. So based on our plan and design strategy there is no company does already, what we are going to do.



## Analysis of Competitive Position

Our company's product line has several competitive advantages over our competitors including unique design, production system and quality for a reasonable price.

Our design is modern with valuable points such as forms, materials and craft.

Our product line in some cases is flexible in that customers can choose different finishes to satisfy their style and design preferences.

Another advantage is that we offer superior quality in material, design and production system,

As a result, our customers feel that they are buying good value. Currently, there are not enough furniture companies and manufacturers in the area to satisfy demand and our company is in an excellent position to capitalize on this opportunity.

However, the furniture marketplace is highly competitive and furniture trends can change quickly.

Consumers buy furniture based on design, quality and price. Consumers have very individual tastes that can change quickly. However, as a smaller operation, we have the flexibility to make design and style changes to meet changing consumer tastes.

## Pricing Strategy

Our strategy is to price our products at a level comparable to our competitors and market status.

Our strategy takes into account production costs, competitive pricing strategies and consumer price sensitivity.

The household furniture market is very competitive and the price-conscious consumer market is looking for good value.

Our company's goal is to provide good quality furniture for a reasonable price for our market & customer target.





## Promotion Strategy

Our company's promotional strategy targets both potential retail outlets and potential consumers.

Local independent retailers are contacted directly. As the company grows, a manufacturing agent will be hired to promote our product lines to retail outlets throughout the province. Agents typically charge a 5% to 7% commission on the wholesale price of product sold. Retailers then add a markup on the product which determines the retail price of the product.

Our company has produce a catalogue featuring product lines . Retailers can use the catalogue and samples to show potential customers any products not displayed in their showroom and to order additional product.

A brochure has develope on each product line that is distribute to interested consumers through the retailers. The brochures feature pictures of each product and highlight the unique design and quality of our products.

## Distribution Strategy

Our furniture is distributed through several channels depending on the needs of our retail customers.

The company truck is sometimes used to ship small orders to local retailers. Larger orders are picked up by the retailer or are sent by common carrier.

The channel of distribution varies by retailcustomer and the size of the order.



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## Overview

Designing identity is composed of several components and such Naming, Slogan, Color, Logo, Corporate Identity and Typography based on keywords at bellow.

### Keywords

Furniture

Persian

Design

Young Adult

Middle age

Modern

Classic

## Naming

The chosen name is **MINA**

MINA as flower means: Leucanthemum

MINA as craft means : Enamel

## Slogan

The chosen slogan is “**We imagine you**”



## Logo

Type: Logotype

Color: Gray and common colors which are used in persian crafts



## Favicon



## Vehicle



## Logo

Type: Logotype

Color: Gray and common colors which are used in persian crafts



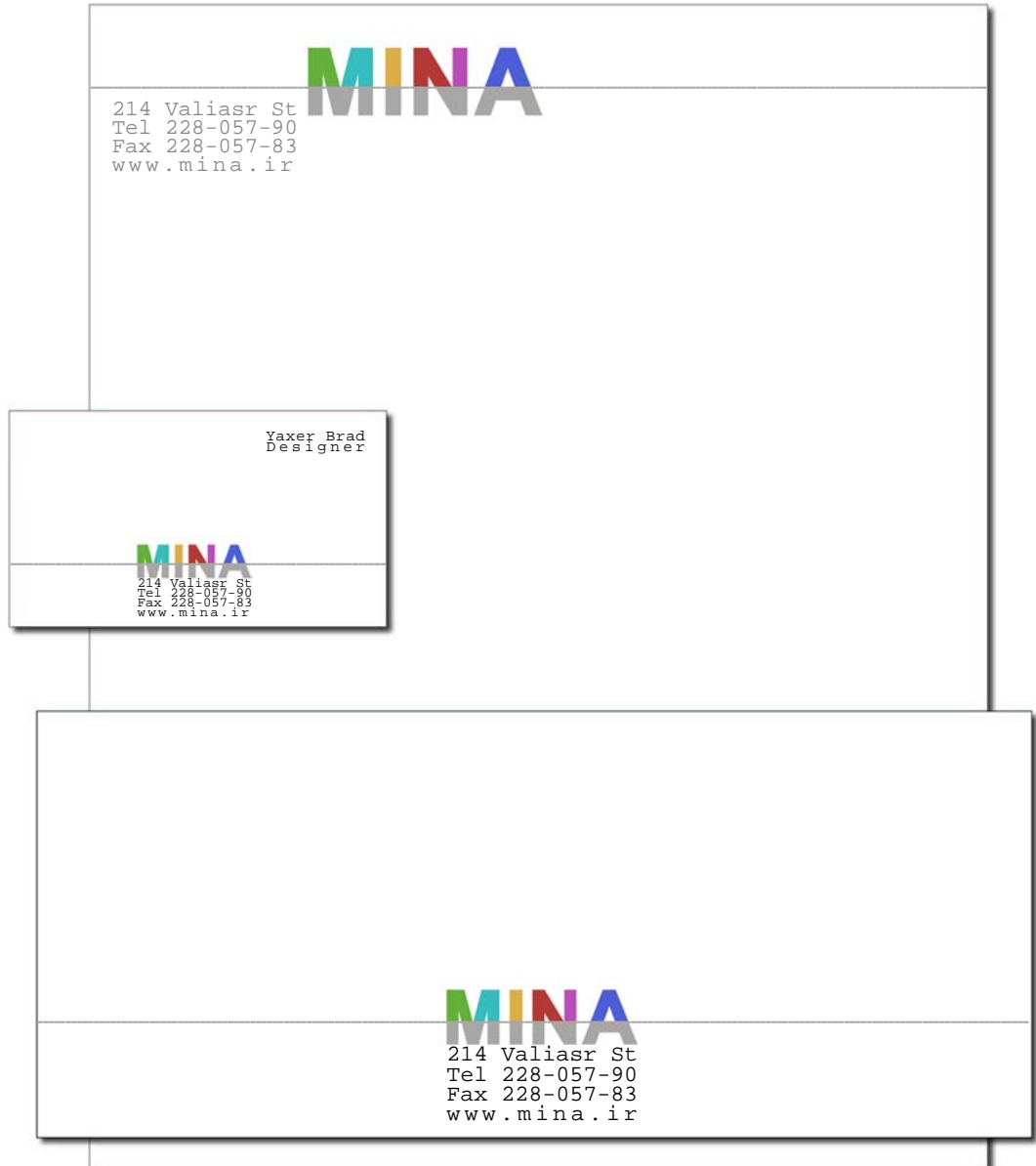
## Favicon



## Vehicle



## Corporate Identity





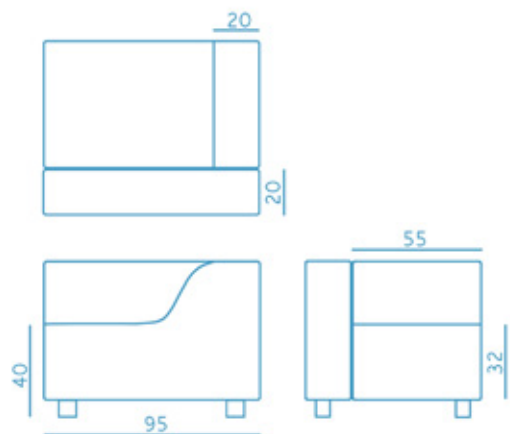


PRODUCT  
Portfolio



## Silk Road MATERIAL & PRODUCTION

This product is composed of main wooden structure & polyurethane foam, with 4 stainless steel feet, that covered by fine leather, and the top side by soft & delicate persian hand woven rugs with spectacular patterns which is made in reliable carpet weaving centers by high skill weavers and fine materials, so there is an opportunity for customers to order and customize the set.



# Silk Road

This product is an armchair and its contrariwise, with semi modular function that stand in different position according to the consumer's needs and taste.

## FORMS POSITIONS FUNCTIONS





# Silk Road



# INSPIRATION & TECHNIQUE

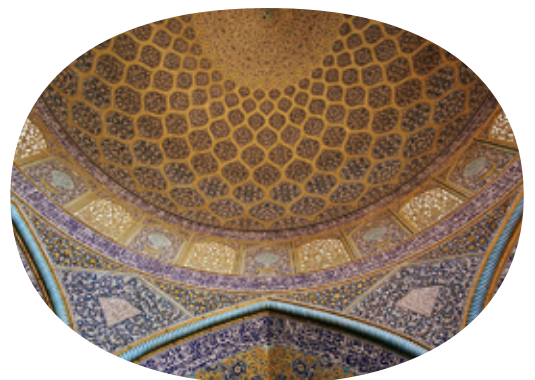


## Negin

External form is inspired by Sheikh Lotf Allah Mosque's dome. Sheikh Lotf Allah Mosque is one of the architectural masterpieces of Safavid Iranian architecture, standing on the eastern side of Naghsh-i Jahan Square, Isfahan, Iran.



But inside, is a surprise with a spectacular pattern inspired by internal part of the dome



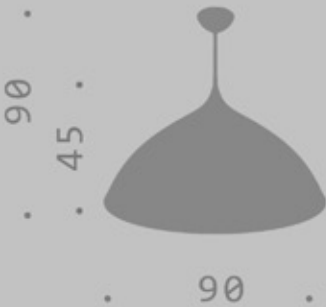
Methods of production is ceramic slip-casting and hand direct tile painting method with glaze on inside the body.  
and it holds by metal wire inside the tube



# Negin



### Dimintions

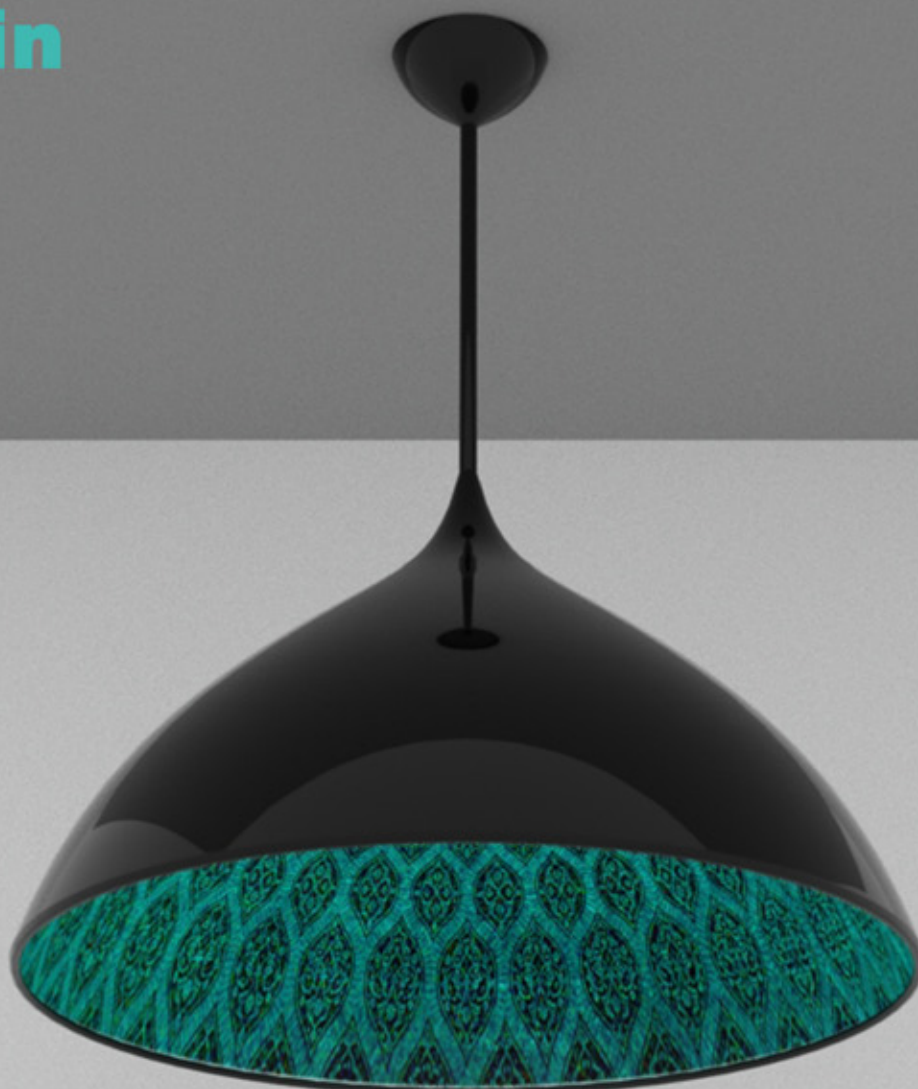


### Colors

- Black ●
- White ●



# Negin



## Dimensions

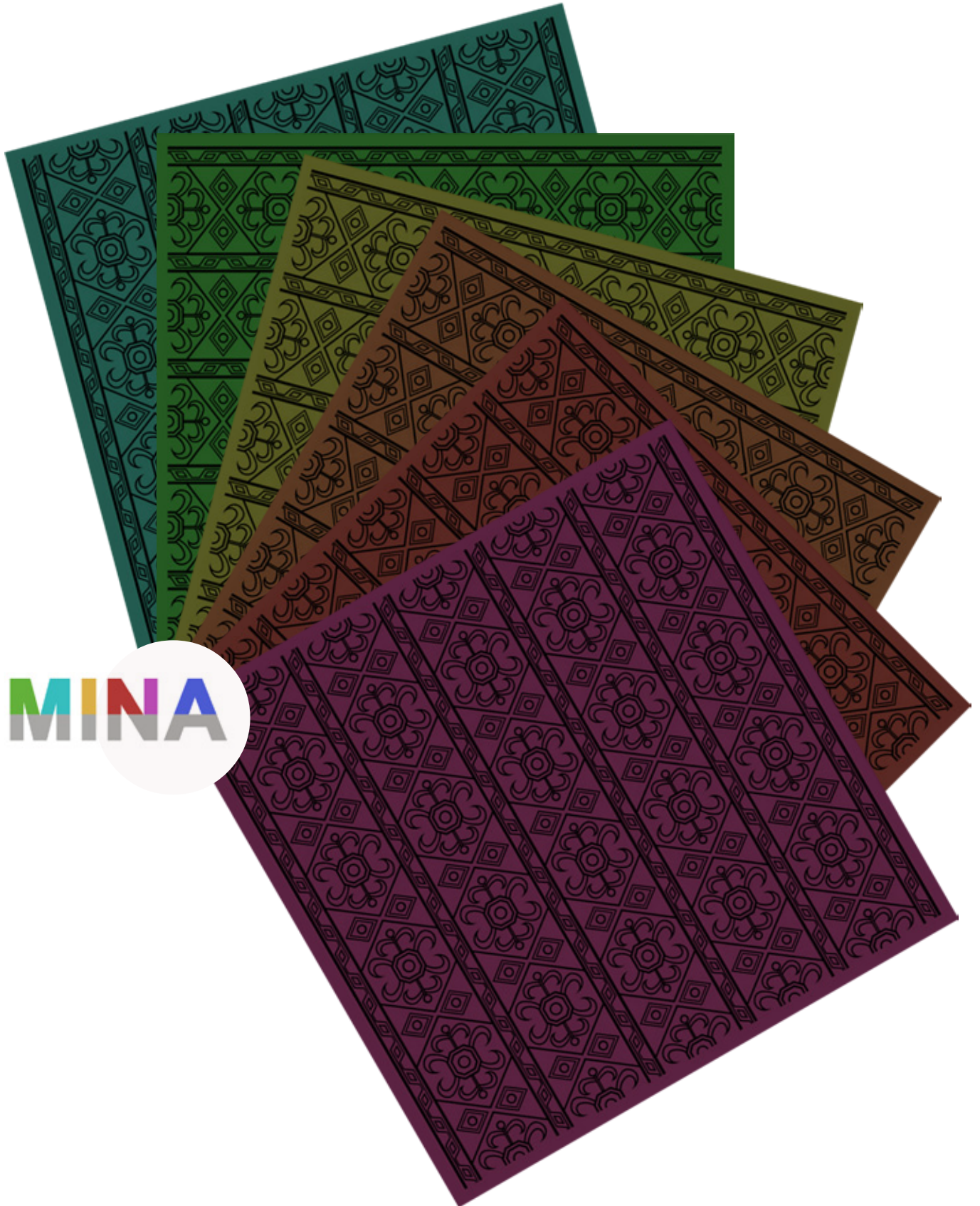


## Colors

Black ●

White ●

# WALL PAPER



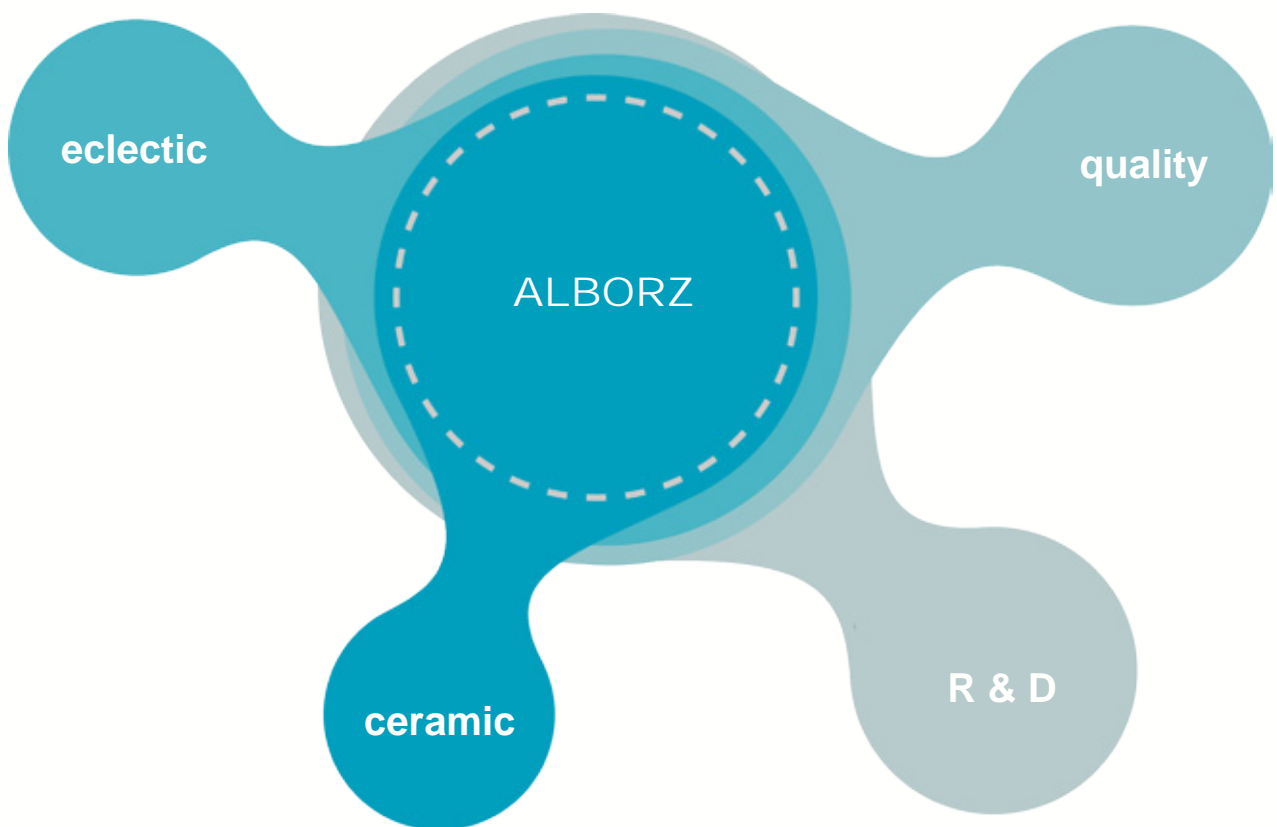
# COLLABORATIVE PRODUCTS



ALBORZ  
CERAMIC



# COMPONENTS OF THE BRAND





# CERAMIC

is one of the most reliable and largest miniature ceramic producers across the world and also it is considered as the sole miniature porcelain ceramic (small size ceramic) producer across the Middle East Region.

Offering various designs for wall and floor tiles with different colors as well as existing aware experts have increased to capabilities of design and production department of Alborz co.



Wall Tiles



Floor Tiles



Facades



Residential



Outdoors



Commercial Areas



Sport Centers



Health Centers



Anti Slip



Anti Acid



# ECLECTIC

Various types of Alborz products are the ideal options for all indoor and outdoor, residential and commercial spaces including saunas, Jacuzzis, pools, bathrooms and kitchens, sport halls and urban places.

Alborz Ceramic Company distributes its unicolor and combined-colored miniature ceramics based on consumer's orders and tastes.

Employing color diversity, designing based on customer's demand and combining colors in order to create usable products for different designs lead us to use a wide range of miniature ceramics to large size ceramics at homes and urban places.





# QUALITY

Employing expert managers and employees at all parts of the organization is the strategy which is used by the Alborz Ceramic Company in order to get access all available quality management system standards. To develop and equip labs and using expert and experienced staff is another strategy for achieving to the highest standard of mosaic and ceramic.



# R & D

Design, Research and Development Department of mosaic and ceramic within mosaic and ceramic producing factories plays a significant and leading role. Since, the most important key element for being successful in this industry is designing and processing beautiful and artistic ideas which are carried out in Design, Research and Development (R&D) Department. In Alborz Ceramic Company, designing, Patterning, selecting and finalizing color and design are performed in this department. Manifestation of design and development activities can be found in diversity of produced products and innovation of novel ideas.

# COMPANY BRIEF

## BRAND NAME

ALBORZ



## CLAIM PAY OFF

established in 1973

ALBORZ  
CERAMIC

## BRAND LOGO



سرامیک البرز

## CHROMATIC IDENTITY



## TYPOGRAPHIC FONT

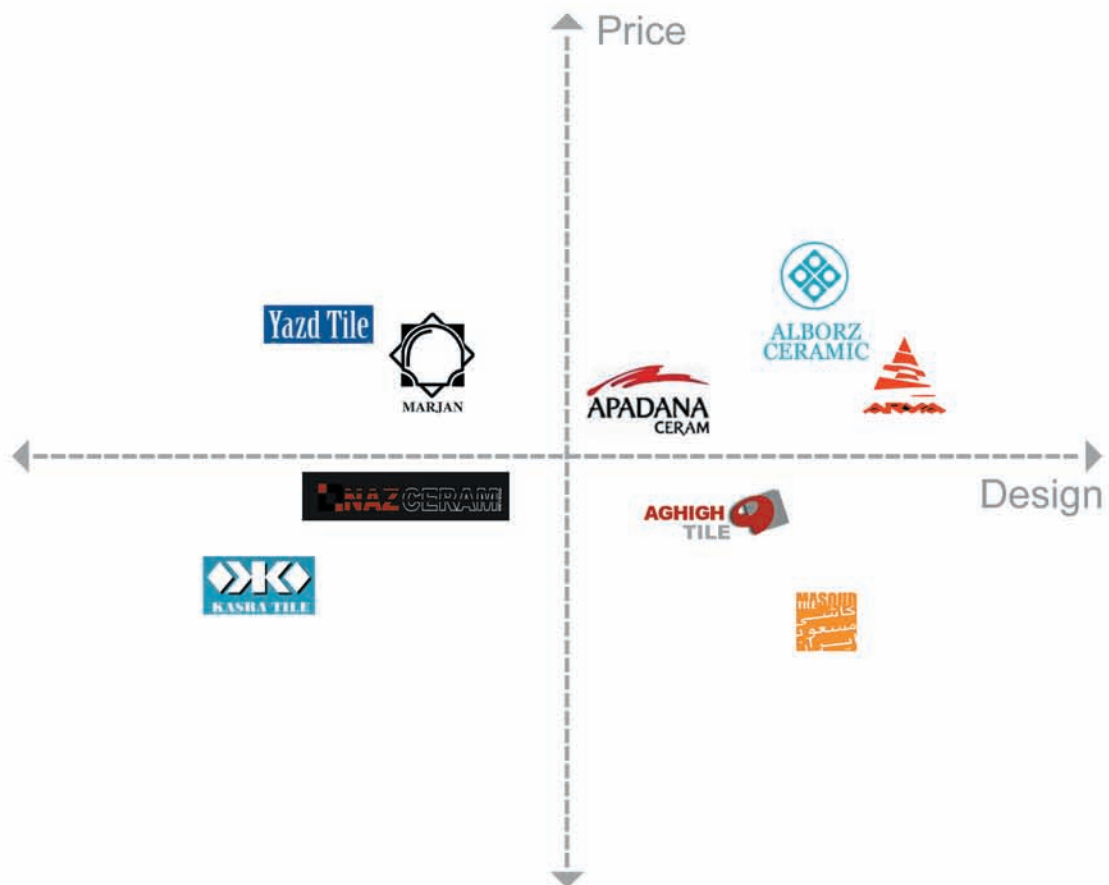
ALB  
CE  
سرامیک البرز



# COMMUNICATION

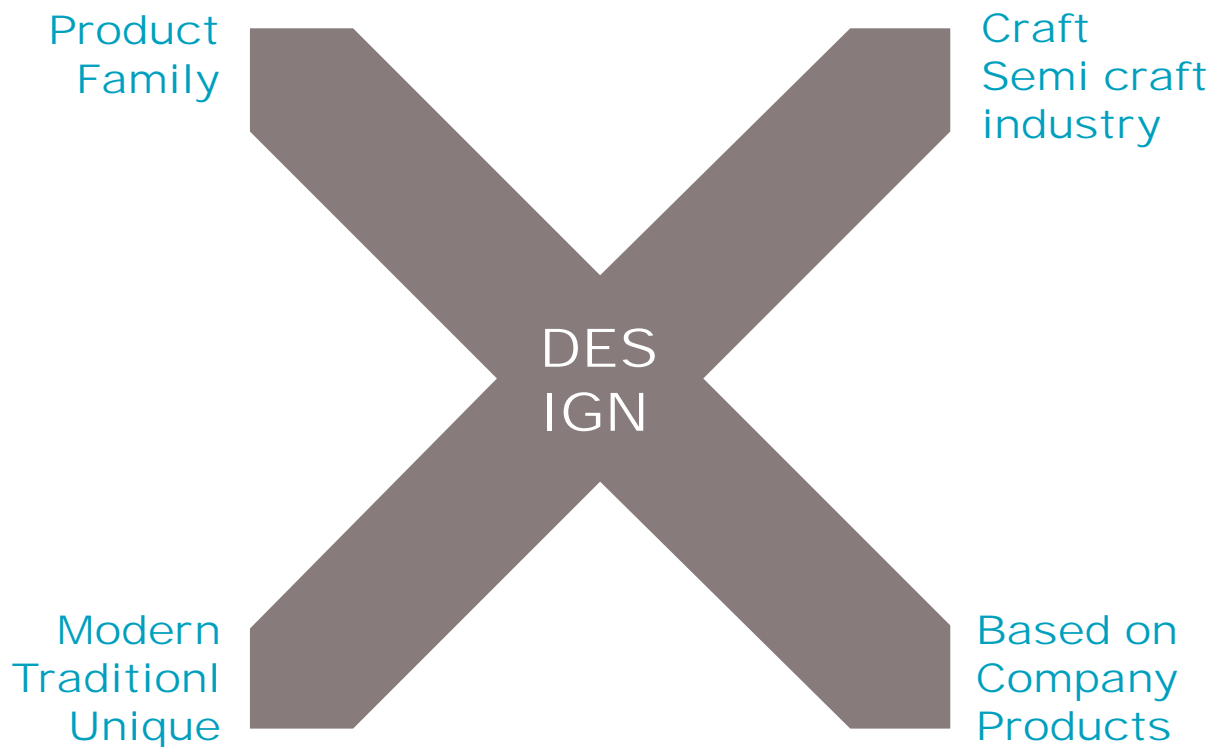


# BRAND STATUS



# DESIGN CONCEPT

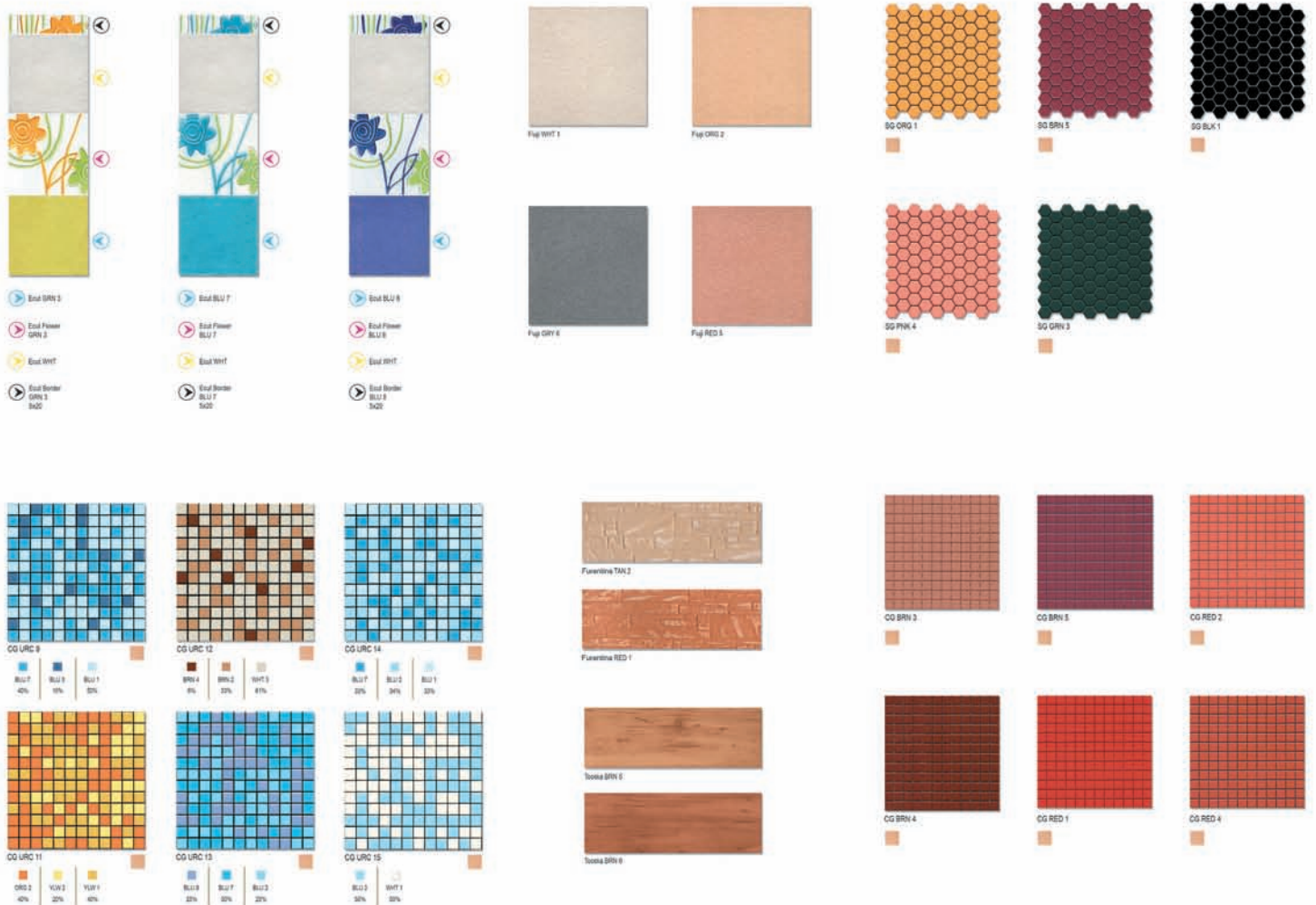
According to the target,  
country potential such skillful craftsmanship,  
and high technology system & demands of company,  
and design proposition.





# Product Portfolio

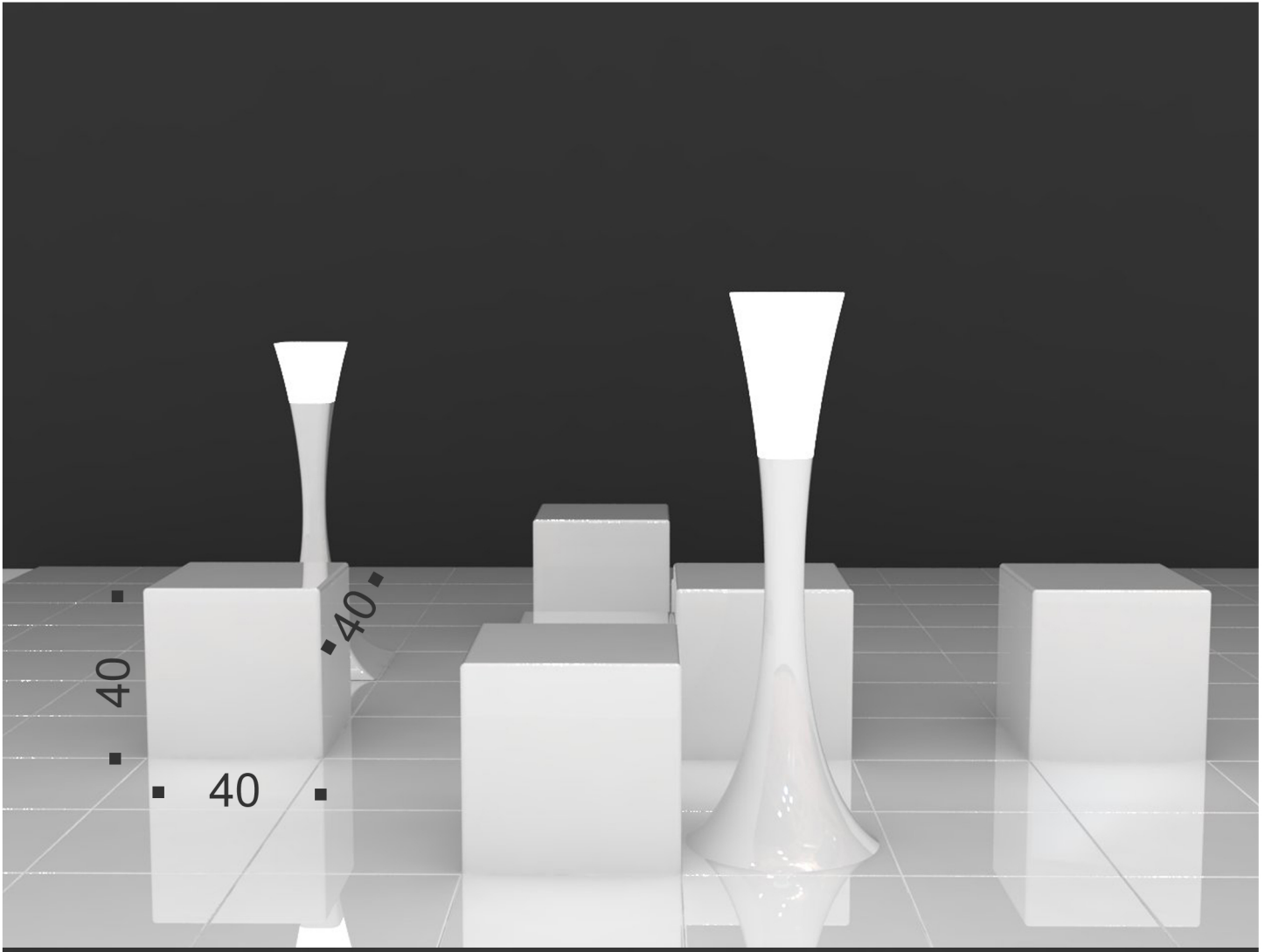
The company is able to produce 3000,000 sq-m porcelain mosaic and ceramic with various sizes such as 2.5\*2.5, hexagonal (3.3\*3.3), 2.5\*5 and 5\*5 yearly by employing state-of-the-art technologies and ceramic producing equipments as well as relying on commitment, experience and capability of expert staff and utilizing eight production lines. The company is able to produce porcelain ceramics in 5\*10, 5\*20, 10\*10, 12\*24, 15\*15, 20\*20, 20\*25, 30\*45, 40\*40 all of them are produced based on European latest standards. Concerning this fact that meeting demands of customers are the main objective of Alborz Ceramic Company, the company scrutinizes all processes which are related to quality of ceramics. In this procedure, qualitative specifications of raw materials, materials under production and final ceramics are determined, measured and controlled in all producing stations.



**HOMA** collection is based on 40\*40 alborz ceramic tile that are produced by, slip casting and paper clay technique, in MINA company with the same surface and color of alborz product And is collected by lights and coffee set. And they are in different colors but exactly the same color of alborz tile and for instalation of product it can be replace by tile.

# Homa

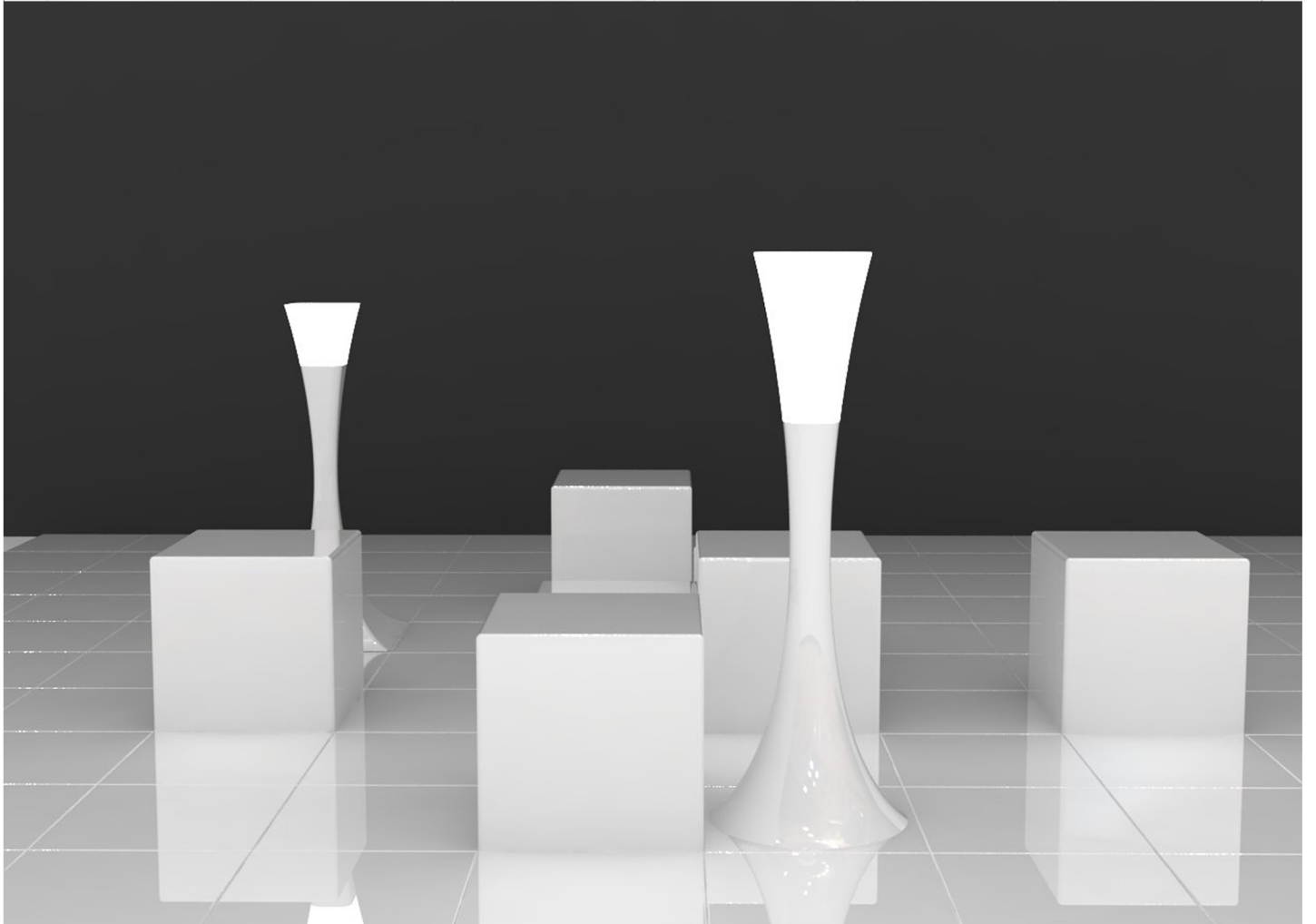








Coffee set With 4 stools and a table which is collected by 4 pieces in differents highs...



# BUSINESSPLAN

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## 1 Executive Summary

### Business idea

MINA industry is a company which works in the area of furniture design and manufacturing. The company produces different kinds of furniture for living room, kitchen, bedroom, and offices. In Iran's furniture market one can find furniture with classical and also modern designs. Nowadays there are so many Iranians which like modern designs and decorations, but they also have high tendency towards traditional designs. The innovative idea of our business is to satisfy these two preferences in one product. Everybody knows that Iran's handmade carpet is very famous,



because of its artistic designs and high quality. We combine the usage of carpet (well known traditional handicraft) with modern designed furniture. This innovative idea can persuade those who prefer to have both modernism and traditionalism together.

Moreover, the company has a long term perspective for being able to export its product to other countries, especially to the European Union. As we mentioned before usage of handmade carpet with high quality makes this product a special one. There are so many European customers who prefer to have oriental decoration in their house, but we should not forget that they are living in the modern world, so naturally they have high inclination towards modern furniture. So, as we have mentioned before, the design of this kind of furniture suits for them, and they can have both oriental and modern designs in the form of elegant furniture.

## **Business area attractiveness**

Although there a lot of companies in Iran which are in the field of furniture manufacturing, and furniture design, still there are high chances to go inside this area. The highest Pick of birth rate in Iran was between “1977-1987”, today the people who are born in this decade are going to get married, so this huge population means that still there can be a hot market for furniture. Moreover, the company is somehow the first mover in this category of design. Therefore it can be concluded that the company can benefit greatly by being the first mover in this area.

## **Product description and implementation:**

Our product can be used for offices and houses, and is suitable for both ordinary and business purposes. It has been designed in such a way that can be used individually, and also one can put two of them besides each other and make them a double one. Furthermore the customers have the ability to customize their products. They can choose the color of the appearance which is made of high quality leather, and also they can choose the type of carpet among the available options in order to use it as upholster. The customers can select the product up on their taste by going to the company’s store or go to the company’s website, fill out the registration form, customize their product, and pay for the purchase.

## **Marketing effort:**

There is a high competition between the domestic furniture producers with non-domestic ones, especially with the Chinese manufacturers. On average each Kg of domestic products cost about 3.4 US\$, and each Kg of imported furniture cost about 2.2. Therefore we can recognize that going to this market is cannot be profitable if we want to count on producing cheap and ordinary furniture. As a result we count on our high quality and innovative designs, which makes the product cost to increase. According to the firm’s strategy, the first focus is on Tehran (the capital of Iran) and after 1-2 year expanding the product to the other big cities will start, and after that the company will start its struggle to have export.

As it has mentioned above initially we will focus on Tehran. Since the cost of the products is high, and expensive, our target is upper middle class and rich people. Therefore we will have advertisements in such a way that our target customers can be aware of our products.

So to put it in a nutshell, it can be said that the marketing effort in case of marketing mix includes:

- Product:

The most important lever marketing decision regarding the product is the Brand management. The **brand management** is the application of the techniques of marketing to a product. The aim is to increase the perceived value from a consumer than a product. A good brand management, generate more sales, and making the product more attractive than the competition. So here we should put effort and use specialist to choose a brand which can satisfy our expectations.

- Price:

As mentioned earlier, this product is elegant, and our customers are among upper-class of the society in terms of income. So the price chosen is not in the range that everyone can afford. Considering the comparable items available in the market, the price has been set in order to be compatible with others.

- Place (Distribution):

The product is delivered to the end customers, through different channels. The first one is when the customer buys a product on line; in this case we ask the retail shop to deliver the product. In case in which the product is not available in the retail shop, or if it is a customized one we ship it from the plant. The customer can also go to the show room of the company which is very close to the workshop, to buy the product.

## Necessary Resources and Competences:

The company was built with the idea of having three main departments. These departments are sales and marketing, procurement and receivables, and operations and logistics. Each one of them they have employees that report to the department manager. In addition to that, the company's team has the collaboration of two different designers, the furniture designer and the Light designer. These two were hired to have their creativity explored by giving ideas of successful products.

## Investment and expected results \*

## BUSINESS PLAN'S OBJECTIVES

- To evaluate the feasibility of MINA Company in the area of furniture industry.
- To evaluate the expected profitability of the Company.
- To learn how to build a Business Plan in order to make real a business idea.



## 2 GENERAL DESCRIPTION OF THE COMPANY

### Brand Elements

- COMPANY NAME: MINA
- COMPANY LOGO:
- COMPANY SLOGAN: **We Imagine You**

### Company Description

MINA is a start-up firm that located in Iran and manufacturer of semi craft furniture for customers who care about elegant space with good quality for a reasonable price.

The company will incorporate under the laws of Iran and is owned and operated by two partners. Both partners are equally involved in its operations and design and have extensive experience in the household furniture industry. They also worked for a small wooden furniture manufacturer for 5 years. They worked as a production manager for 2 years for a furniture manufacturer.

Our plant uses a flexible manufacturing system that enables us to shorten our production runs and effectively fill small orders. Our plant workers are highly skilled craftsman with extensive experience. Our productivity levels and material are high with minimal wastage.

Tehran and the Worker's Compensation Board have environmental regulations for manufacturing operations. To comply with these regulations, we have to install dust collection devises and an air circulation system to reduce the levels of volatile organic compound (VOC) emissions from the using solvents and paints. We also have to get a business license from Tehran.

MINA considers the buying criteria of both the consumer and the retailer. Consumer purchasing decisions are typically based on style, design, and Retailers choose product that they feel will best meet the price, quality and design needs of their customers.

Our primary objective is to produce in small manufactory and collaboration with other manufacture, industries and craft centers sell through Ownership store and some retailers in Tehran area. Then increasing product volumes will be enabling us to increase our retail distribution and sales.

MINA provides customers convenient access to see current and past products in our website. In some product the consumer can have their furniture customized with their preferred pattern or color.



Eventually, our company provides design flexibility and offers a better value to our customers. We emphasize continuous improvement on an enterprise-wide basis to enable us to continue providing competitive advantages to our customers, such as breadth of selection, quick delivery, reduced inventory investment, high quality and value.

## COMPETITIVE POSITIONING

*Abel's model* can help us to describe competitive positioning according to three parameters:

### Needs:

In order to response of the business needs we should know about the taste of our customers. Handicrafts of Iran are so famous and valuable. On the other hand, these days' people prefer modern area. Also, Design and quality of furniture is important too. The final answer of this analysis gives the business need, which is the lack of furniture's market in Iran.

### Product/Service:

Our company produces semi craft furniture based on Persian craft forms, colors, patterns and techniques and materials including living room, dining room and office. Our affordable designs are a modern version of popular antique craft, fit into today's homes and offices. In some product the consumer can have their furniture customized with their preferred pattern or color. As a result, our customers feel that they are buying good value. Our services are transportation, 1 to 3 years guarantee, website and technical consultation.

### Customers/Buyers:

Our primary consumer target market is Young adult and Middle age people & families with upper economy status.

## VALUE CHAIN DEFINITION

Value Chain Analysis describes the activities that take place in a business and relates them to an analysis of the competitive strength of the business. The activities of a business could be grouped under two headings:

**Primary Activities** are directly concerned with creating and delivering a product; and **Support Activities**, while not directly being involved in production, may increase effectiveness or efficiency. It is rare for a business to undertake all primary and support activities. Value Chain Analysis is one way of identifying which activities are best undertaken by a business and which are best provided by others.

## Primary value chain activities include

### *Logistic*

- Activities concerned with receiving and storing externally sourced materials for production we need some raw materials like wood, leather, ceramic, metal. And also, we use handicrafts in our furniture which most of them produce in other cities like Isfahan, Shiraz, Yazd because their crafts are famous and valuables.
- Activities associated with getting finished goods and services to buyers Our furniture are distributed through several channels depending on the needs of our retailer and customers. The company truck is sometimes used to ship small orders to local retailers. Larger orders are picked up by the retailer or are sent by common carrier. The channel of distribution varies by retail customer and the size of the order.

### *Production*

Manufacture of products. The way in which resource input is converted to output. Our company produces semi craft furniture based on Persian craft forms, colors, patterns and techniques and materials including living room, dining room and office.

### *Marketing and sales*

Essentially it is an information activity, informing buyers and consumers about products and services. Also, organization's sales goals are an effective & efficient manner through planning, staffing, training, leading & controlling organizational resources.

### *Support Services*

Our services include:

Guarantee: All products have 1 to 3 years guarantee.

Technical consultation: In order to improve customer's services, consumers and consultation companies can contact with sales engineering department and receive technical and designing information.

## Support activities include:

### *HR and Procurement*

Human resource: Recruitment of the right people with high experience is important for us. Procurement activities include suppliers' selection, negotiation, contract signing, control and evaluation.

### *Accounting*

From employee payments to other financial activities are handled here, also maintaining the inventory for company materials.

### *Technology Development*

We use new technology in our machine for produce and the company has to create an electronic website to provide some of its services as online.

### 3 General Description of the Product

#### Physical Description

Our company produces and sells semi craft furniture based on Persian craft forms, colors, patterns and techniques and materials including living room, dining room and office. Our designs are a modern version of popular antique craft, fit into today's homes and offices. The design and style of our product lines is unique and we offer superior quality and design at competitive prices. Furniture is manufactured using other manufacture, industries and craft centers and the components of our furniture are produced in small volumes and kept in stock. As orders are received from retailers specifying the customers desired products and finish, the part are assembled. Some of Our products are available in a variety of resilient finishes and colors so that customers have the flexibility to customize our furniture to their individual tastes.

Our Services include:

- Transportation: The Company including retailers provides product transportation for customers.
- Guarantee: All products have 1 to 3 years guarantee.
- Electronic services: In order to improve customer's services as well as decreasing meantime, facilitating service provision and better supporting, the company has to create an electronic website to provide some of its services as online
- Technical consultation: In order to improve customer's services, consumers and consultation companies can contact with sales engineering department and receive technical and designing information.

#### Uses

- House: living room, dining room
- Office
- Other including hotel, restaurant and institutional furniture.

Our primary consumer target market consists of Young adults and Middle age people & families in upper-class economical status.

#### Differentials

Our company's product line has several competitive advantages over our competitors including unique design, production system and quality for a reasonable price and minimal wastage. Our

design is modern with valuable points such forms, materials and craft. We offer superior quality in material, design and production system; As a result, our customers feel that they are buying good value. Consumers have very individual tastes that can change quickly. So, our product line in some cases is flexible in that customers can choose different finishes to satisfy their style and design preferences. Eventually, combined with intelligent designs and increased productivity resulting from the purchase of modern machine, gives us a competitive advantage over other producers around us.

## **Development Stage**

We will continue to expand and develop our product lines and add new product lines such as kitchen, bathroom and bedroom furniture. Our products, design, and finishes and stains will continue evolve based on consumer trends and demand. We obtain feedback from local retailers and attend furniture trade Shows to determine what furniture trends are popular. Based on this information and local demand, it is our goal to design and introduce 3 to 5 new products per year. On the other hand, as our company grows and sales volumes increase, other cities and foreign countries will be targeted.



## 4 STRATEGIC PLAN

### VISION

Innovation in home & Office furnishings manufacture

### MISSION

We offer our customers superior quality furniture and unique designs at affordable prices. We will continue to expand our product lines and introduce new designs, based on the needs of our customers. We always provide the best possible value to our customers who care about the quality and design. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their money and risk.

### STRATEGIC OBJECTIVES

- Improve productivity and reduce costs. A bank loan €119,190 will be obtained to extend the company.
- Increase sales during the next 2 years by increasing retail distribution of our new product lines.
- Expand our product lines to meet customer demand. We will introduce three new types of products.
- Expand distribution of our product lines within Iran. Our product is sold through five retailers in Tehran area. Over the next 12 months, our goal is reaching investors to open another ownership stores and to double the number of retailers carrying our product lines in other big cities such Mashhad, Isfahan, Tabriz, Karaj and Shiraz.

### EXTERNAL ANALYSIS

The External Analysis examines opportunities and threats that exist in the environment.

#### Porter's Five Competitive Forces

After the complete analysis of each of the five forces we conclude about the general competition level on this business area is **medium - low**.



Figure 1- Porter's Five Forces

### I. Competitive Rivalry

The Intensity of Rivalry is **medium** because there are some of competitive furniture companies in Iran who produce or import furniture for the same target markets. First competitors are domestic manufacturers which produce modern furniture. Second competitors are companies which import modern furniture. To sum up, based on unique design and special strategy, MINA will be the first mover to the blue ocean.

#### I. Concentration and Balance

It is not concentrated, because many players are in the market and they are like local players. Therefore the result is low and the effect is **high**.

#### II. Diversity of competitors

Furniture making is one of the oldest industries in Iran. Based on data from the Home and Office Furniture Exporters Union, in 2009 there were more than 50,000 furniture manufacturing enterprises in Iran. Based on Central Bank data, of these, approximately 1,000 enterprises had more than 10 employees. There are 12 furniture manufacturers with more than 100 employees. In 2004, Iranian

furniture imports came primarily from Turkey, UAE and China. So, diversity is high and the effect is **high** too.

### III. Industry growth

The market outlook for household furniture in Iran is positive. Demand growth is generated from segments of the population has been grown in 30 past years. Domestic demand for upholstery and wooden furniture is growing due to changing consumer purchasing trends. Consumers no longer view furniture as an once-in-a-lifetime investment. As a result, the demand for contemporary designs is increasing. Therefore the result is high and the effect is **low**.

### IV. Product differentiation

The design and style of our product lines is unique. We offer superior quality and design at competitive prices. Our affordable designs are a modern version of popular antique craft, fit into today's homes and offices. Therefore the result is high and the effect is **low**.

### V. Switching costs

Switching barriers or switching costs are any impediment to a customer's changing of suppliers. In many markets, consumers are forced to incur costs when switching from one supplier to another.

For our business the switching costs in the customer's point of view are quite high because the quality and the design of our products are unique and our customer's taste is special and finding this style in the market is not easy. We combined the modern style with antique together. So, the result is high and the effect is **low**.

### VI. Fixed costs impact

Our fixed cost is relatively high, because our raw material is expensive and also we need craftsmen with extensive experience to produce product with high quality. So, the fixed cost is high and the effect is **high**.

### VII. Storage costs

The components of our furniture are produced in small volumes and kept in stock.

As orders are received from retailers specifying the customers desired products and finish, the part are assembled. Therefore, the storage cost is medium and the effect is **medium** too.

### VIII. Exit barriers

Exit barriers are **Low**.

## **2. Threat of new entrants**

The Threat of new entrants is **Medium** because our products are unique and valuable. If other competitor wants to produce similar product they need a great investments and high experience in the furniture design because producing with the same quality needs high investment and experience.

## **Entry barriers**

### **I. Economies of scale**

When company grows and production units increase, a company will have a better chance to decrease its costs. But our products are Unique and we do not have mass production. So, this element in this case is not so relevant.

### **II. Capital requirements**

We need to invest money because our raw materials are expensive and we need craftsman with high experience and skill. On the other hand, our products are in small volumes because our furniture is Unique. Therefore, the result is high-medium and the effect is **low-medium**.

### **III. Brand identity**

Because we're going totally new in this business area, we must begin to build our brand identity from the very beginning. Therefore the result is low and the effect is **high**.

### **IV. Switching costs**

For our business the switching costs in the customer's point of view are quite high because the quality and the design of our products are unique and our customer's taste is special and finding this style in the market is not easy. We combined the modern style with antique together. So, the result is high and the effect is **low**.

### **V. Access to distribution channel**

Our company has produced a catalogue featuring our product lines. A brochure has been developed on each product line that is distributed to interest consumers through the retailers. The company has to create an electronic website to provide some of its services as online and show our products with unique design and quality. Therefore the result is medium-high and the effect is **medium-low**.

### **VI. Legislation or government actions**

There isn't special legislation about it. Therefore the result is neutral.

### **VII. Cost advantages independent of size**

Capital investments pay less taxes and fees if made in large amounts products. We do not have mass production because our products are Unique and limited, on the other hand our investments are not low because we use crafts like silk carpet in our furniture. Therefore the result is medium-low and the effect is **medium-high**.

## **Incumbent's expected reactions (retaliation)**

The current players in the market are produce in different styles; classic Furniture, modern furniture. So based on our plan and design strategy there is no company does already, what we are going to do. If Our Company manages to achieve a high brand identity, it can reduce the threat of new entrants. So, the result is medium-high and the effect is medium-low.



### **3. Threat of substitute products**

During this period of time in our market we do not have substitute products. Our design is modern with valuable points such forms, materials and craft. We offer superior quality in material, design and production system; As a result, our customers feel that they are buying good value. So, our product is Unique and valuable. Most of Unique furniture in the market is modern and they cannot compete with our furniture because we use the best raw material and famous crafts of Iran in our products. Therefore the result is low and the effect is **low**.

### **4. Bargaining power of buyers**

The bargaining power of buyers is **medium-low** because our products are unique and they are for customer with special taste. They cannot find similar furniture in the market with this design and quality.

#### **I. Relative concentration**

Due to our buyers are final customers the concentration is very low. Therefore the result is low and the effect is **low**.

#### **II. Product's features**

##### Product differences

The design and style of our product lines is unique. We offer superior quality and design at competitive prices. Our affordable designs are a modern version of popular antique craft, fit into today's homes and offices. Therefore the result is medium-high and the effect is **medium-low**.

##### Switching costs

For our business the switching costs in the customer's point of view are quite high because the quality and the design of our products are unique and our customer's taste is special and finding this style in the market is not easy. We combined the modern style with antique together. So, the result is high and the effect is **low**.

##### Product's impact on the final performance

Our design is modern with valuable points such forms, materials and craft. We offer superior quality in material, design and production system; As a result, our customers feel that they are buying good value. So, the result is high and the effect is **low**.

#### **III. Buyer's characteristics**

Our primary consumer target market is Young adult and Middle age people & families with upper class economy status.

##### Profitability of buyers

They are not interested in reducing to the minimum level the price they pay for their products because we offer our customers superior quality furniture and unique designs. Therefore the result is high and the effect is **low**.

##### Availability of integrate themselves backwards

Although this is a term used in the B2B market, it can be applied in this situation.

This result is medium, and the effect is medium too.

##### Clear information about the product

The general information is available in website and Retailers can use the catalogue to show potential customers any products not displayed in their showroom and to order additional product. A brochure has been developed on each product line that is distributed to interested consumers through the retailers. Therefore the result is medium and the effect is **medium**.

## **5. Bargaining power of suppliers**

The bargaining power of suppliers is **medium-low** because basically there is a good range of possibilities in the same range of prices, quality and availability, without forget we're new in this business area and obviously we need to build good relationships with our key suppliers. Then we can see the analysis of each factor independently.

### **I. Relative concentration**

Due to our suppliers are craft centers and other raw material suppliers like wood, ceramic, leather and metal, the concentration is medium-high because for raw materials we have a lot of alternative but for the crafts we work with the best craft centers and they are professional in their work. So, the result is medium-high and the effect is **medium-high**.

### **II. Product's features**

#### Product differences:

The products required from our suppliers are similar respect to price, quality and availability, so the result is low and the effect is **low** too.

#### Switching costs:

For our business the switching costs in the customer's point of view are quite high because the quality and the design of our products are unique and our customer's taste is special and finding this style in the market is not easy. We combined the modern style with antique together. So, the result is high and the effect is **low**.

#### Product's impact on the final performance:

The quality of the product provided for our suppliers is a main drive of our success so, the result of the impact on the final performance is high and the effect is **high**.

### **III. Supplier's characteristics**

#### Profitability of suppliers:

Our supplier's profitability must be high. Therefore the result is high and the effect is **low**.

#### Availability of integrate ourselves backwards:

This is hardly possible because we don't have the big capital to invest in such a big infrastructure to allow us not to use Craft centers and other suppliers Therefore the result is low and the effect is **high**.

#### Clear information about the product:

We're going to have all the information related with crafts of different city of Iran and most styles of furniture. Therefore the result is high and the effect is **low**.

## PEST Analysis

### Political

- **Monopoly**

There are a lot of sectors in the economy which are owned by the government, but the government tries to encourage making them private companies. In order to move in this path there are a lot of incentives for those investors who want to invest in the private sector. Moreover most of the firms in furniture industry are private companies.

- **Taxation policy**

The taxes which should be paid in this sector is the same as other sectors, but due to the policy of small industry protection, if the business becomes accepted as a profitable one, it can benefit from low interest rate bank loan, which is usually accompanied with low taxes on income in the first years after establishment.

- **Foreign Trade regulations**

Since the 1960s, the Iranian furniture industry has developed considerably. In the past ten years to reach medium levels of mass production. For 25 years Iranians firms were isolated from the trends underway in the rest of the world, since the import of finished products and machinery was prohibited. Since 1998 imports of woodworking machinery have resumed, and since 2002 import of furniture was allowed again. The reopening of the market has encouraged Iranian industrialists to compare their production with that of foreign goods and thus perceive the need to make a qualitative leap in order to compete on the international markets. As one can see in the following chart, Iran is a country which requires having export. Government prefer to support specially those industries which are in the not in the oil sector. As it has mentioned before, the company has the strategy of export in the future. Due to the strategic policies of the country this business can gain full governmental supports in case of being able to find its market abroad.

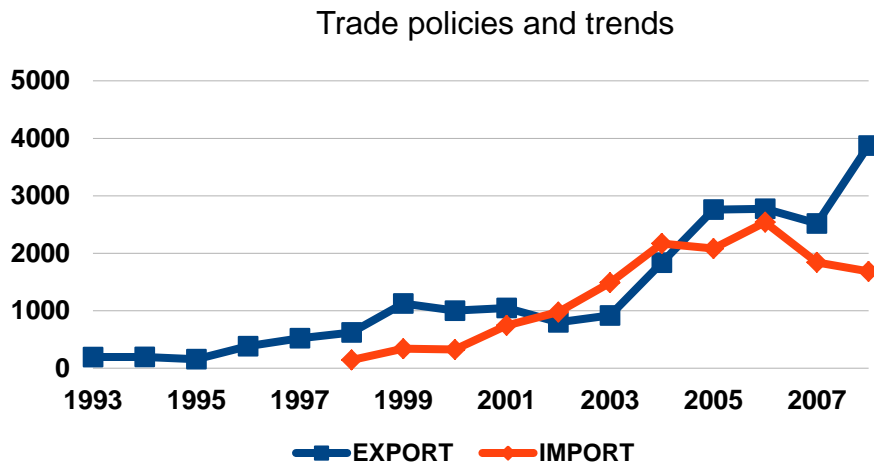


Figure 2- Iran's Trade Trend

- **Government stability**

Although the political situation in Iran has a lot of ups and downs, still it seems stimulating for a lot of investors. Because they believe the political situation in Iran will remain constant.

## Economical

- **GDP & Inflation**

Real GDP Growth Rate:

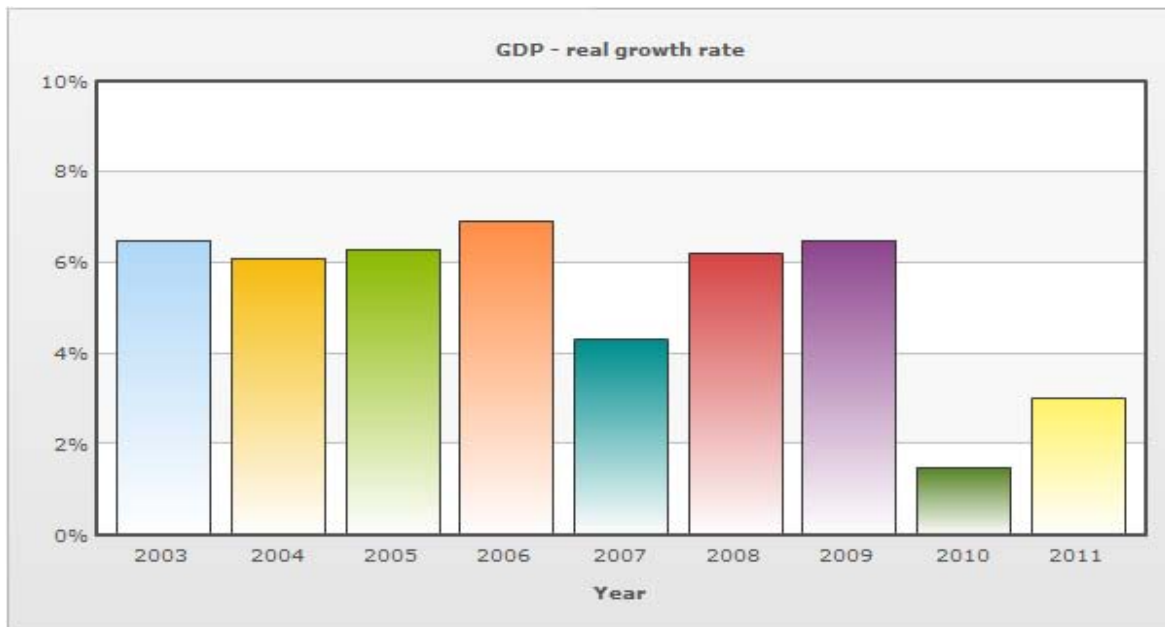


Figure 3 - GDP Real Growth Rate

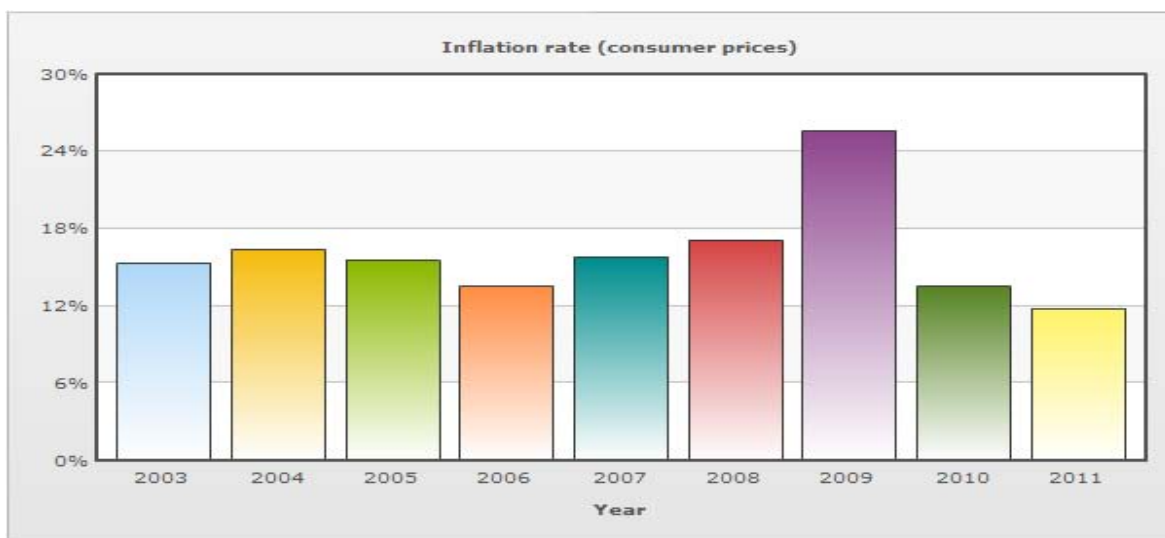


Figure 4- Inflation Rate



As it is obvious in the above chart, the GDP growth of the country is not growing in a smooth and stable increasing way, so it can be said that it is not a positive point, since it also can be deducted that the real wealth of the people is not growing in a satisfactory level. If we also consider the inflation rate we can say that in one word the purchasing power of people is decreasing, and it is an alarm for each new arriving firm, as well as our business.

## Social – Cultural

- **Population**

Iran's population is about 79,000,000 people, and most of the population is concentrated in metropolitans. About 21% of this population is located in Tehran, the capital. The targeted customers of our product are those which are classified as upper middle class of the society. Unfortunately there are not any official reports for measuring the numbers of this class, but unofficial reports say that this population is about 23% of the whole society.

- **Household Income Distribution**

The bottom 10% of the population, receive only 2% of all income.

The middle 80% of the population receive 66.3% of all income in Iran.

The top 10% of the population receive 33.7% of all income in Iran.

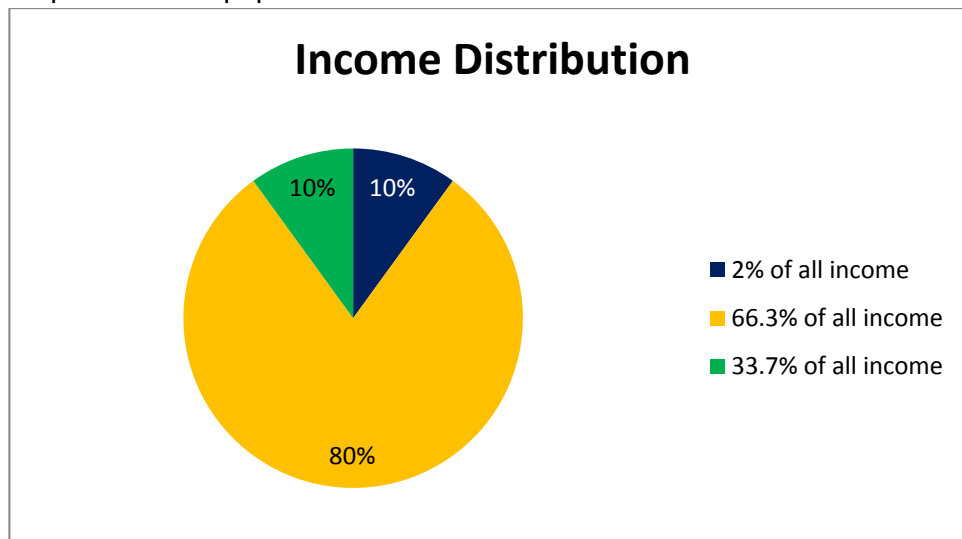


Figure 5- Income Distribution in Iran

## Technological

- **Handicraft technology**

Iran is a country which is famous for its handicrafts. Iran's handmade carpets have international fame. There are a lot of other artifacts which are famous and their names are linked to Iran's name. Furniture sector plays an important role in the economy and employment. There are 50,000 companies which are working in this area. But there is not any special political party who has key role in this sector.

## INTERNAL ANALYSIS

The Internal Analysis of strengths and weaknesses focuses on internal factors that give an organization certain advantages and disadvantages in meeting the needs of its target market. Due to it's a start-up company it's not possible to define value chain, for this reason we're going to follow a different path. We'll proceed to identify the resources necessities and which of them we must to develop and which we must to exploit.

### Resources and Competences to Exploit

#### Physical Resources

- **Store, Office, and Showroom:** Considering the importance of the position of the store and showroom, a strategic location in a reputable in Valiasr street has been chosen.
- **Workshop:** The workshop is located in an industrial zone close to Tehran.
- **Equipment and facilities:** To be able to start the construction different machineries including a four axis CNC, high precision wood cutter, carpenter machine tools, and some other equipments are required.

#### Human Resources

**Key Employees:** The Company employs the staff, labor, and craftsman after being trained in a 3-month internship period in order to employ trained and skilled staff for work sectors.

**Design skills:** To design there are two personnel, designer and designer assistant, who are quite experienced in furniture design. The designer also has worked for a small wooden furniture manufacturer for 5 years.

**Managerial Skills:** Our entrepreneurial team consists of a manager who has extensive experience in the household furniture industry. He worked as a production manager for 2 years in a furniture manufacturer.

**Sales managerial skills:** Our entrepreneurial team includes one sales manager to report to senior managers, training sales staff, allocating areas to sales executives.

### Resources and Competences to Develop

#### Physical Resources

**TECHNOLOGY:** We use new technology in our machine for produce and the company has to create an electronic website to provide some of its services as online.

#### Human Resources

**Technical Skills:** In order to improve customer's services, consumers and consultation companies can contact with sales engineering department and

receive technical and designing information. So, we have one technician who has technical background in furniture field.

**Financial Skills:** Our entrepreneurial team includes one member has some financial education.

**Procurement managerial skills:** we need one person to managing our purchase and inspection of our orders .because we need raw materials like wood, leather, metal and ceramic. On the other hand, we use handicraft in our furniture that we order them to some suppliers in other cities.

## SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>- Skilled labor force</li> <li>- Suppliers of raw material available</li> <li>- Local tools available</li> <li>- Strong historical background of craftsmen</li> <li>- Products are unique in its constructions</li> <li>- Consumption increase in domestic market</li> <li>- customers feel that they are buying good value</li> </ul>	<ul style="list-style-type: none"> <li>- High cost of production due to high rate of raw material</li> <li>- Fluctuating of raw material</li> <li>- Lack of quality awareness</li> <li>- Technological obsolescence of manufacture plants</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>- International exhibitions</li> <li>- International warehouses</li> <li>- Technical up graduation</li> <li>- Networking and linkage of cluster players/stakeholders</li> <li>- Add new product lines such as kitchen, bathroom and bedroom furniture</li> </ul>	<ul style="list-style-type: none"> <li>- Migration of trained workforces from the sector</li> <li>- Raw material cost increase</li> <li>- Import of low price articles from china</li> <li>- Instable political set up of the country</li> <li>- The lack discipline in copyright in Iran</li> <li>- Consumers have very individual tastes that can change quickly</li> </ul>

Table 1 - SWOT Analysis

## ATTRACTIVENESS OF BUSINESS AREA

The attractiveness of this business area we can classify it like **medium-high**. The market outlook for household furniture in Iran is positive. Demand growth is generated from segments of the population has been grown in 30 past years. The demand for contemporary designs is increasing. Currently, there are not enough furniture companies and manufacturers in the area with new idea in design and produce. Consumers have very individual tastes that can change quickly. On the other hand, handicrafts like silk carpets are so valuable and popular in Iran. So, working in this market with unique and valuable product could make a huge economic profit for manufacturer.

## Strategic Segmentation

### Consumers Segmentation

- Young adults: Customers whose age ranges from 30 to 40 years old. These people, including young couples and singles, want a new design to make a unique embellishment for their homes.
- Middle age: Customers whose age ranges from 40 to 60 years old. These people are from families in upper class economy status who want to change their traditional decoration, but they don't like extreme modern designs.

### Reference Geographical Market

Our primary objective is to produce in small manufactory and collaboration with other manufacture, industries and craft centers sell through Ownership store and some retailers in Tehran area. Tehran is the capital of the Iran and most of the people buy their product from this city. On the other hand the market for Unique product is better in Tehran than the other cities of Iran. As our company grows and sales volumes increase, other provinces in Iran and foreign countries will be targeted.

### STRATEGY

Our strategy is based on the generation of value through a high quality product and keeping the best possible prices in the market. That means we aren't offering the lowest prices in the market, we offer high quality product with the best price.



## 5 Marketing Plan

### Target customers

Since the company deals with extreme luxurious products, that besides having a high value in the market they present unique features and characteristics, the planned target customers for these sets of items are the wealthiest classes of the society – classes A and B.

Those classes are able to pay the price that is required due to the difficulty of the process of making a Persian carpet. The artisans dedicate sometimes years to produce one single piece of it because they are handmade products. Even though the Lights have a quicker production scheme, they are costly as they are because it is used also handmade production as the previous item.

Taking into account that all the portfolio of products mix cutting-edge design with a more traditional adornment (as in the case of the Persian carpets) it is expected that this combination has an effect in a wide range of ages in the market, from a more modern to a more conventional taste. These customer's profiles can be described as ranging from the early 30 to the late 60, which appreciate art and are willing to invest in handcrafted decoration items for their houses.

### Market Analysis and Current profile of customers

Nowadays, it can be seen that top-class customers are having the strong trend of wanting something every time more exclusive and classy. So, in order to fulfill this need companies must offer products accordingly to this latest market requests.

Currently in Iran, the amount of people that are in the highest level of wealth in the society represents 7,906,342 people.

### Possible Demand

The number of potential customers for MINA business is calculated based upon a comparison between other competitors in the market, the segment growth, and the customers that its products are addressed to. To quantify this amount of potential customers some variables have been taken into consideration, such as: income, age range, family population, the average period that the target families replace their furniture, and their design taste preference. For the income, it's been considered the top ten percent of Tehran's population which represents a number of over 1,000,000 people. Supposing that these families change or buy new furniture on an average period of five years we can reach an amount of 200,000 people. However, this previous amount represents all family members. To precisely determine the number of families we must divide this number by four, which is the average amount of family members in Tehran. Thus, among these remaining 50,000 different families it is expected to have a higher impact on

the members who are from 30-60 years old. Therefore, this number must be multiplied by 34.7% which represents the portion of the mentioned range in the whole population. In conclusion, at the end of these calculations the potential market size can be estimated as 17,350 people.

## Marketing 4Ps

### Price

Since our main final products are having a strong dependency on supplied materials, and this supplied materials are luxurious, our final price is high due to this fact. MINA's items will be priced based on the amount of materials (such as Persian carpet) that are required to build the final good. The company's price list ranged from €3500 - €5000, according to the size of the sofa or Light.

The prices which are presented by MINA are aligned to each competitor's comparable offered items, both in quality and luxuriousness. The table below shows the average price of mentioned comparable items, and the estimated prices for the company's goods.

Goods	Imported	Produced Domestically	Our Design
Sofa	€ 5,300.00	€ 4,600.00	€ 5,000.00
Light	€ 3,600.00	€ 3,000.00	€ 3,500.00
Stool	€300	€160	€250
Coffee Table	€450	€320	€400

Table 2 - Price estimation Range

### Point of sales

The company's point of sales will be its own store, situated in one of the most exclusive neighborhoods of Teheran, Iran's capital. This store will display all the design masterpieces of the latest collection as well as keeping catalogues of previous collections to show to clients. In this store, will be build a welcoming place for exquisite clients to make them feel comfortable within the environment and inspiring them to picture some of the products inside their homes.

### Promotion

The promotion for the products will be through advertisements inside home and decoration magazines, especially the ones with the same target public than the company. These advertisements will consist of a picture of a room giving a specific focus on the company's product and displaying the contacts of phone number and address.

## 6 Operating plan

### STRATEGIC LOCATION

Our factory is located in Pardis city; it is a small city which is in the north east of Tehran. It has easy access to Tehran (The capital of country with more than 15 million populations) which is considered as our main market. One can reach himself to Tehran by using a car in 40 minutes. Although Pardis is very close to Tehran, the price of land and labor force is much cheaper in comparison to the relevant costs in Tehran. Therefore as a result, all these have effects on the final prices of the products and make the final prices be cheaper. Moreover since the factory is close to Tehran, the cost of transportation is not too much, and it helps us to have easier and cheaper distribution channel. The government gives financial support as debt and other kinds of supports in the industrialized zones of country, and Pardis is one of these places which can benefit from these aids. Finally the closeness to Tehran has this advantage to be able to export the product easily by using air transportations.

### Weather

Pardis is a dry city with a very short amount of moist. These weather characteristics are greatly suitable for those industries which must be far away from moisture, and wooden products as well as wooden furniture are in this category.

### Environmental issues

If a factory wants to start its operations in big cities they should pay too much expenses in order to make wastewater treatment facilities, and in case of any violation one have to pay high fines. In industrialized zones these facilities are provided by the government, and one can install further green product orientation facilities by using zero interest governmental debts.

## REQUIRED AGREEMENTS

### Procedures Required to set a new Company

- Registration of a legal entity
- Registration at the rating authority, tax registration

- Designing and registration of a stamp
- Opening of a bank clearing account and verification of a bank card
- Grant of the registration of a service mark
- Time for administrative procedures

The more precise descriptions of these steps are provided below:

**Registration of a legal entity:** This is the first phase of the project and the most significant part, since it includes the execution of the documents necessary for initiating a business. This task will be done by the trade and sales manager since it requires specialties and also a lot of experience in these areas. All these documents will be formalized in order to overcome some possible risks.

**Registration at the rating authority, tax registration:** This task is accomplished by those who are familiar with these tasks. They have to handle all the documents that were provided by fulfilling necessary forms, and apply to the rating authority tax registration.

**Registration of the Brand logo:** The designer of the company has to design and undertake all the procedures need for registration the stamp with the help of the sale manager.

**Opening of a bank clearing account and verification of a bank card:** this task is also of responsibility of the sale manager of the company. He has to apply to a bank for opening a bank clearing account by providing all the necessary documentation, the bank in its turn verifies a bank card.

Receipt of the notices from the non-budgetary funds

**Grant of the registration of a service mark:** the phase regarding the obtaining of a service mark after it will be processed at the authorized authority

Due to our estimation the required time for all administrative procedures can vary from 60 to 80 days since these activities are going in parallel.

## Legal Procedures for setting up the Business

For doing the business, the founder of the company should go to the firms' registration office, and prepare the required documents, filling out the necessary documents, and get permission for initiating the business. After that, the founder should go to the municipality in order to get confirmation for the land usage. In the next step the confirmation of the environmental protection office is obligatory to show that the company obeys the environmental protection rules.

## Agreements with companies

In order to initiate the business we need to collaborate with companies from different business areas and to build a well-organized system.



We can categorize our suppliers in two main categories.

The first one is those who provide us wood and other raw materials.

The other groups are those which provide artifacts. The relationship with this category is critical. As stated before, one of the main advantages of our product is its high quality, so the artifacts must be of very high quality. Therefore in the process of supplier selection we have to be very cautious and conservative.

After doing researches on the quality of artifacts the following suppliers have been detected. The procurement manager chooses these suppliers among a lot of suppliers which are working in this field. These suppliers are considered the best ones in respect to the quality and reliability. The reason for insisting too much attention to this category of suppliers (suppliers of artifacts), is that they are part of our core business.

This category of suppliers should always guarantee good quality, availability and seriousness. In order to create these conditions, long term contract and relationships will be made in order to encourage partnership. This category of suppliers is chosen according to the reputation that they have.

<b>Carpet supplier</b>		
<b>Carpet supplier</b>	Web site address	Telephone number
<b>modabberanmetaha</b>	www.modabberanco.com	0098-4115289097
<b>Hoot</b>	<a href="http://www.tabrizcarpet.net">www.tabrizcarpet.net</a>	0098-2188623453
<b>Taherpoor</b>	<a href="http://www.taherpourcarpet.ir">www.taherpourcarpet.ir</a>	0098-2155432459

Table 3 - Carpet Supplier Information

<b>Chandelier supplier</b>		
<b>Chandelier supplier</b>	Web site address	Telephone number
<b>Moravajian</b>	Www. <a href="http://daneshnameh.roshd.ir">daneshnameh.roshd.ir</a>	0098-311540928
<b>Charkhane</b>	<a href="http://www.myisfahan.com">www.myisfahan.com</a>	0098-3112343891
<b>koohi</b>	<a href="http://www.esfahankharid.com">www.esfahankharid.com</a>	0098-3112439085

Table 4 - Artwork Supplier Information

<b>Ceramic supplier</b>		
<b>Iran ceramic</b>	www.isfahan-tile.com	0098-2122544160
<b>Kavir yazd ceramic</b>	<a href="http://www.kavirtile.com">www.kavirtile.com</a>	0098-3515211401

<b>Ceramic Alborz</b>	<a href="http://www.alborzceramic.com">www.alborzceramic.com</a>	0098-332148976
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Table 5 - Ceramic Supplier Information

There are also two suppliers for providing us the wood, and other required raw materials.

### ***Dependency level***

The company's dependence level is not too high. Although we need very high quality of services, the number of producers of these services at this level of quality is not limited to just a few producers.

### ***Operation Plan***

The company's main office is located in Pardis. All of the financial, sales and procurement organizations, and managerial effort will be done in this office. This office is located near the workshop, and beside of this office the show room of the company is located in which all of the products are exhibited. The staff numbers will be increased in the following years if the predetermined growing projection being achieved in the following years.

The main activity of our company is to provide furniture for those customers who have both the traditional and modern tastes. So in this case we can provide them such a product which can satisfy their taste. The furniture is made from the silk handmade carpets, oak wood, and natural leather which have the highest quality, with the ability of customer customization. As a result if the customer prefers to have its own color of leather, or design of carpet, this service will be provided to him.

The main channel of customers contact is by the retail shop which exhibits our product. There are also more connection channels, such as company's website, or the company's show room. But still those shops which are exclusively for the company are considered as the main connection channel.

The company's perspective is to expand its business to other countries, especially the United Arab Emirates (UAE), and European unions. In order to reach to this goal the company will start to launch a brand in Dubai.

### **Requirements (Tools & Equipment)**

The main tools and equipments in order to initiate the business are:

<b>Requirements</b>		<b>Unit</b>
<b>Work shop</b>		1( 1000 m <sup>2</sup> )
<b>Machinery for frame manufacturing</b>		3
<b>Carpenter-Tools</b>		Two sets
<b>Office</b>		1(150 m <sup>2</sup> )
<b>Office Equipments</b>	Desk	5

	Printer	3
	Scanner	3
	Computer	5
<b>Store</b>		1(400 m <sup>2</sup> )

Table 6- Industry Requirements

### Operation Diagram

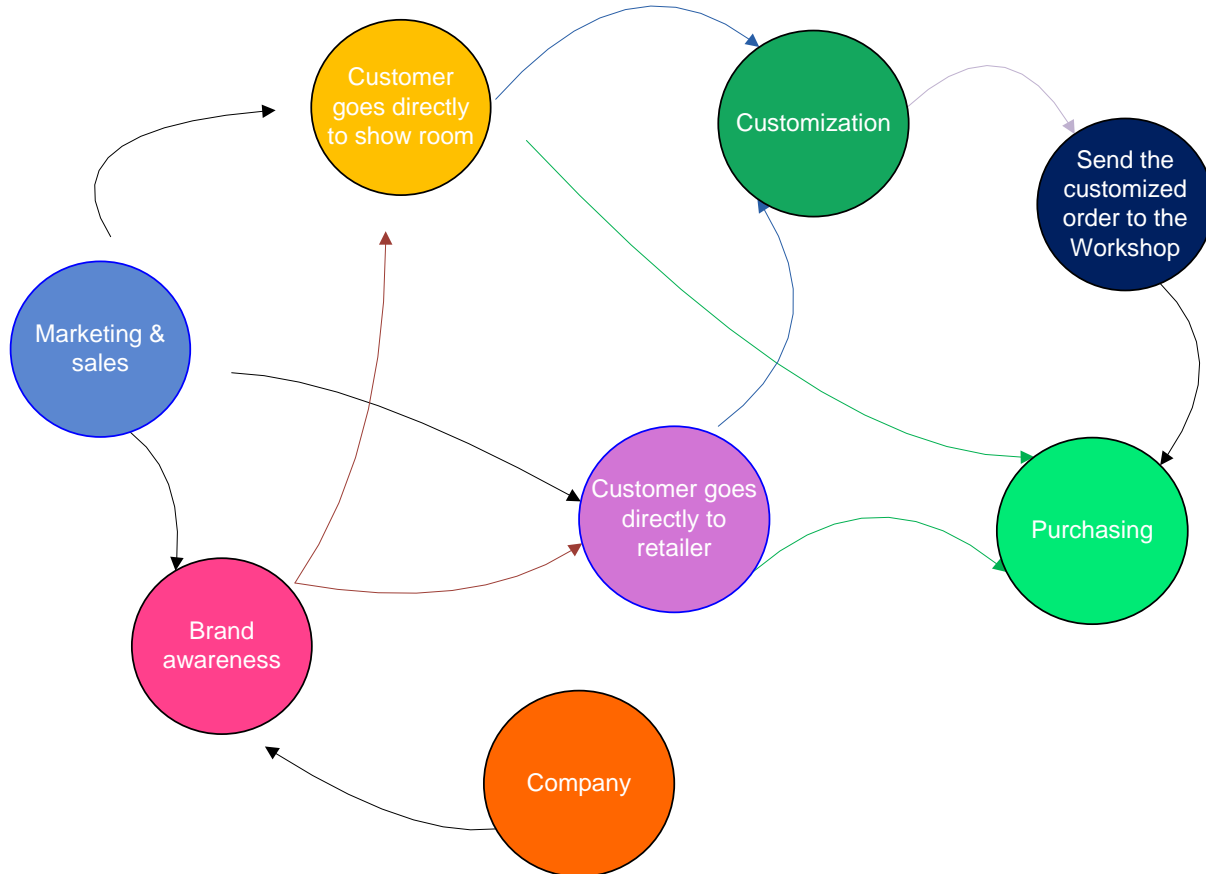


Figure 6 - Operation Diagram

As it can be seen in the above figure, the customer can go directly to our retail stores in Tehran, or he can go to the to the company's show room which is located close to the work shop in Pardis city. If he likes the product he will buy it, and the company provides free transportation facilities. After the product purchase the company guaranties the product up on 3 years, and also in case of need it is possible to change the product with a new one, but the changing service is just up to one year. In case in which the customer wants a specific design, or color of leather, the customization request will send to the manufacturing sector, and after it has been prepared it will transported to the customer place.

## Working hours

The office and the show room of the company works from Saturday-Thursday from 9:30-16, and the retail store works on seven days a week from 9:30-22 (12-13, is the lunch time). The work shop works during the week from 8:00-17:00 (12-13 is the lunch time), except Fridays. The company will be closed during national holidays.



# Human Resources Plan

The MINA organizational chart can be seen as below

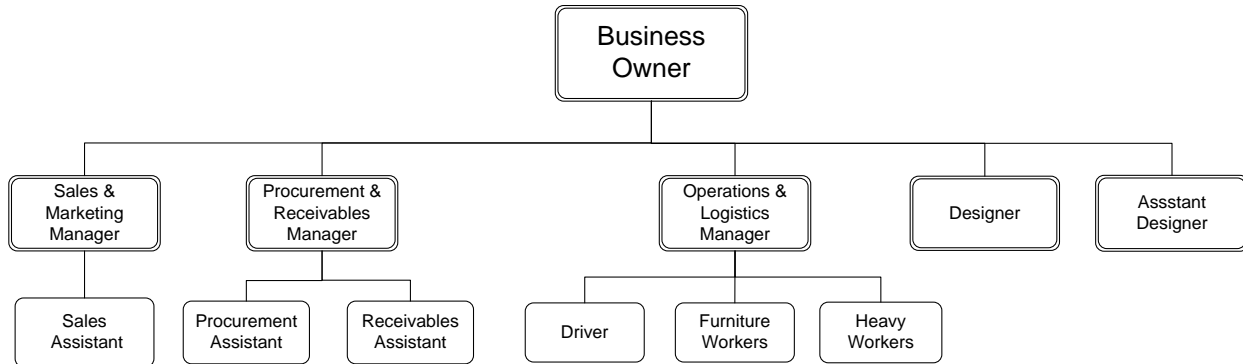


Figure 7 - Organizational Chart

## The Employee's Roles

### Business Owner

He/she is the main stakeholder for the design business. He/she is responsible of all the major decisions taken in the business, from sales to logistics. He/she is always interested in maximizing his/her business' profit and minimizing its costs. In addition to that, he/she is the person to deal directly with some important clients and to establish agreements with the Light and carpet suppliers.

### Sales & Marketing Manager

The sales and marketing manager is responsible for keeping a good relationship with existing clients and attract new clients. He/she is also responsible for creating market strategies through advertising channels (company's brochures, newspaper ads, street billboards) highlighting the company's competitive advantage. He/she must be able to quickly perceive new market trends and to offer solutions before their competitors do.

### Sales Assistant

This position is a more operational position that reports to the Sales & Marketing Manager. This person's duties are: to answer the company's phone, trying to conquest new clients promoting our product to them, to give product prices over the phone and in person, to solve minor problems with the clients regarding to their purchases, and so on. He/she is basically in charge of the direct interaction with clients, representing and transmitting the company image and values to them.

## **Procurement & Receivables Manager**

This manager is responsible for making the specific negotiation with the Light and carpet suppliers to make them provide the materials necessary for our business. He/she is not only in charge of all the payments made to the company by clients but also for the payments that the company make to suppliers and employees. He/she is supervising the company's bank account, cash flow and treasury.

## **Procurement Assistant**

The Procurement Assistant duty is to make the payments of all the things that the company needs to pay in order to function properly: from the employees' payroll to the suppliers' invoices. Moreover, he/she is responsible for shopping office materials such as paper, printer toners, pens, etc.

## **Receivables Assistant**

The role of the Receivables Assistant is to issue all the company's invoices to clients. Other task that this position concerns is to control the payments made to the company, providing forecasts on when this money should be accounted and alerting the Procurement & Receivables Manager in any case of expected payment by another party that was not made.

## **Operations & Logistics Manager**

The Operations & Logistics Manager is responsible for scheduling the material orders to suppliers according to the client demand forecast and inventory level. He/she must make the purchasing plans efficiently, in order to minimize the company's need to keep inventory and aiming to increase the company's revenues and profit.

## **Driver**

The driver role is to drive the clients' purchases properly from the factory to the destination point. He/she must follow the current traffic laws, such as: speed limit, respecting the red/green lights and so on. He/she should always find a proper place to park the truck, which is closer to the final destination and trying to cause the least disturbance possible by blocking the way of others both in the street and in the sidewalk.

## **Furniture Workers**

The Furniture Worker duty is to make the sofas and chairs with the Persian carpet according to the design provided by the Furniture Designer. They will apply wooden and leather materials in order to complete the final product. Since it's a luxurious product they must keep in mind that they are producing for a very demanding market niche and should be very detailed-oriented in their daily routine.

## **Heavy Workers**

The Heavy Workers are responsible for loading and unloading the truck with the client's purchases as well as assembling them when needed (as in the case of Lights). They must be able to work as a team in order to provide a good service in less time. Moreover, the client's fragile Light products must be transported by these workers separately from the furniture and they must be carried with the attention and care that are required for them.

## **Designer**

The Designer is responsible for furniture design. He must work together with the Furniture Workers in order to make the designed piece of furniture drawn by him come to reality through the skills of the Furniture Workers team.

## **Designer Assistant**

The designer assistant's role is to cooperate with the designer in general tasks.

## FINANCIAL PLAN

In order to go through financial calculations, the first thing to know is the products' price. To have an idea about the price of the goods produced, a benchmark has been performed on competitor goods available in the market in which the company will start working. The benchmark expressed as the following table:

Goods	Imported	Produced Domestically	Our Design
Sofa	€ 5,300.00	€ 4,600.00	€ 5,000.00
Light	€ 3,600.00	€ 3,000.00	€ 3,500.00
Stool	€300	€160	€250
Coffee Table	€450	€320	€400

Table 7 – Price Range estimation

The table above shows the average price of imported and domestically produced goods comparable to those of us, in terms of both quality and luxuriousness.

## Working Capital

Working capital for this project consists of the amount of assets subtracted by the amount of liabilities; which the former can be specifically illustrated by the number of items available for sale plus all the company's goods currently available in the company's store, and the latter as the amount of money that need to be paid for the company suppliers in exchange for their supplied materials. Personnel salaries will increase annually by 10% because of the inflation, and also from 2016 by another 10% as a result of business owner's intended growth rate for the company after the return of initial investments.

Working Capital	2012	2013	2014	2015	2016	2017	2018	2019	2020
Salaries	13,975	15,372	16,909	18,600	22,320	26,785	32,142	38,570	40,499
Office Material	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Working License	600	0	0	0	0	0	0	0	0
Cash	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Total	137,575	138,372	139,909	141,600	145,320	149,785	155,142	161,570	163,499

Table 8 – Working Capital



## INVESTMENTS

With the purpose of starting up the business several initial investments need to be placed. Most of these investments need to be used for setting up the store and the work environment essential for the business to run. In addition, investments need to be done as so to create the first pieces of final items that are going to be offered to our target market.

Investment examples can be segmented and described as shown in the following table:

Initial Investments	Quantity	Price (€)	Total cost
Laptop	3	1,400	4200
Computer		1,200	3600
Mobile and satellite phone	2	1,000	2000
Telephone and fax	2	700	1400
Printer	2	960	1920
Furniture and Decoration	-	13,000	13,000
Web page	-	400	400
Machinery and equipment	-	30,000	30,000
rent	-	97,000	97,000
Advertisement	-	5,400	5,400
<b>Overall Initial Investment</b>	-	-	158920

Table 9 – Initial Investment

## OPERATING COST

The business field which this project is developed in, it is possible to separate the costs into two main categories: fixed costs and variable costs. The fixed costs contains the basic expenses that can be exempted of any dependence to the amount of pieces of final goods produced by the company, such as rents, employees' wage, and so on. On the other hand, variable costs have a strong connection with the amount of output from the production plant; therefore increasing the production has the outcome of increasing variable costs, and vice versa.

### Fixed Operating Costs

As can be seen in the table below, segments of fixed cost are increasing annually by 10% because of the inflation, and also from 2018 by another 10% as a result of business owner's

intended growth rate for the company after the return of initial investments. Moreover, the maintenance cost is calculated based on the depreciation of the machinery and equipment from the period of 2013-2020. The depreciation was amortized linearly through these years, and the cost is directly proportional to the residual value of the machinery.

<b>Fixed Operating Expenses</b>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Employee Cost</b>	13,975	15,373	16,910	20,292	24,350	29,220	35,064	42,077
<b>Workshop Rent</b>	1,000	1,100	1,210	1,452	1,742	2,091	2,509	3,011
<b>Maintenance</b>	3,000	3,300	3,630	4,356	5,227	6,273	7,527	9,033
<b>Store Rent</b>	96,000	105,600	116,160	139,392	167,270	200,724	240,869	289,043
<b>Store material</b>	3,000	3,000	3,000	3,600	4,320	5,184	6,221	7,465
<b>Total</b>	116,975	128,373	140,910	169,092	202,910	243,492	292,190	350,629

Table 10 – Fixed Operating Costs

## Variable Operating Costs

As the following table shows, rather than the cost of the materials that needed to be supplied in order to keep the production going, there are two additional costs represented by the sales commission under the purchased goods sold by the company to the market. This commission is given to the sales assistant and to the designer as an appreciation for their involvement in the item bought.

<b>Variable Operating Expenses</b>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Sales Manager</b>	6,438	8,927	12,072	15,952	20,637	26,124	33,793	42,405
<b>Supplied Material</b>	93,680	103,048	113,353	124,688	137,157	150,873	165,960	182,556
<b>Designer</b>	10,730	14,878	20,119	26,587	34,395	43,540	56,322	70,675
<b>Total</b>	110,848	126,852	145,544	167,227	192,189	220,537	256,076	295,636

Table 11 – Variable Operating Costs

To clarify, the data calculated on the previous table are based on the forecasted demand for the products as it can be seen as follows.

<b>Sales</b>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Number of Sofa Sales</b>	30	36	43	51	60	69	80	90

<b>Number of Light Sales</b>	10	16	22	28	34	40	50	60
<b>Number of Stools Sold</b>	80	90	103	114	117	122	125	127
<b>Number of Coffee Tables Sold</b>	24	30	37	45	54	63	74	84

Table 12 - Demand Forecast

## Financial Structure

The MINA Company's initial investment will be financed through 75% of loan equal to €119,190 which will be provided by Iran's capital bank compounded by 8% each month, and 25% of equity. However, each shareholder would have 25% of the company's shares. Table below explains the details.

Shareholder	Percentage	Investment amount
First Shareholder	50%	\$9,933
Second Shareholder	50%	\$9,933
<b>Total</b>	<b>100%</b>	<b>\$39,732</b>

Table 13 – Financial Structure

The loan repayment will be calculated according to the data provided above and as it follows in the formula.

$$A = P (1+r/n)^n$$

In which A is the compounded payable amount, P is initial loan amount, r is interest rate, n is the number of compounding periods per year, and t is total time in years.

Debt Repayment	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Payable Amount (€)</b>	225,562								
<b>Annual Installations (€)</b>		28,195	28,195	28,195	28,195	28,195	28,195	28,195	28,195
<b>Remaining Amount (€)</b>		197,367	169,171	140,976	112,781	84,586	56,390	28,195	0

Table 14 – Debt Repayment

## Income Statement

Incomes are calculated using the forecasted number of customer and the prices established. The following table shows the details.

Income Statement	2013	2014	2015	2016	2017	2018	2019	2020
Income	185,000	259,600	353,320	469,843	613,458	781,097	1,018,648	1,286,153
Cost	217,775	243,741	273,235	321,145	377,899	444,484	526,037	621,110
EBITDA	-32,775	15,860	80,085	148,698	235,559	336,614	492,611	665,043
Depreciation and Amortization (10%)	-3,278	1,586	8,008	14,870	23,556	33,661	49,261	66,504
EBIT	-36,053	14,274	72,076	133,828	212,003	302,952	443,350	598,539
Interest	29,341	28,195	28,195	28,195	28,195	28,195	28,195	28,195
Earnings before tax	-65,394	-13,922	43,881	105,633	183,808	274,757	415,155	570,343
Tax	0	0	13,164	31,690	55,142	82,427	124,546	171,103
Net Profit	-65,394	-13,922	30,717	73,943	128,665	192,330	290,608	399,240
Cumulative	-\$65,39	-\$79,315	-\$48,598	\$25,344	\$154,009	\$346,339	\$636,947	\$1,036,187

Table 15 – Income Statement



## ECONOMIC AND FINANCIAL PROJECTIONS

In order to analyze the economic and financial projection of the company three different scenarios have been considered based on the assumption of a low accuracy on the sales forecast, which means whether the forecast is higher or lower than the real demand.

### Realistic Scenario

This scenario is the same as what the calculations pointed out antecedently; this conservative forecast will turn into making profit in two years after the company's start up, and will lead to return on investment in four years. It is worth mentioning that the market contains three competitors any of which holds 33.3% of the market before the emergence of MINA Company; in the first year of arrival to the market, the Company wins 8.9% of the market, and through eight years it will be able to achieve an even share in the market over the other competitors, which would be 25%. In the end of year 2020 the cumulative net profit will pass €1 million, which is almost ten folds the amount of initial investment. However, expecting 12% of returns will make the Net Present Value of initial investment is equal to €325,054. Two figures below show the net profit and cumulative net profit from 2013 to 2020. Table below shows the estimated number of demand for each year.

Sales	2013	2014	2015	2016	2017	2018	2019	2020
Number of Sofa Sales	30	36	43	51	60	69	80	90
Number of Light Sales	10	16	22	28	34	40	50	60
Number of Stools Sold	80	90	103	114	117	122	125	127
Number f Coffee Tables Sold	24	30	37	45	54	63	74	84

Table 16 – Realistic Demand Forecast

Two graphs below show the net profit and the cumulative cash flow of the company.

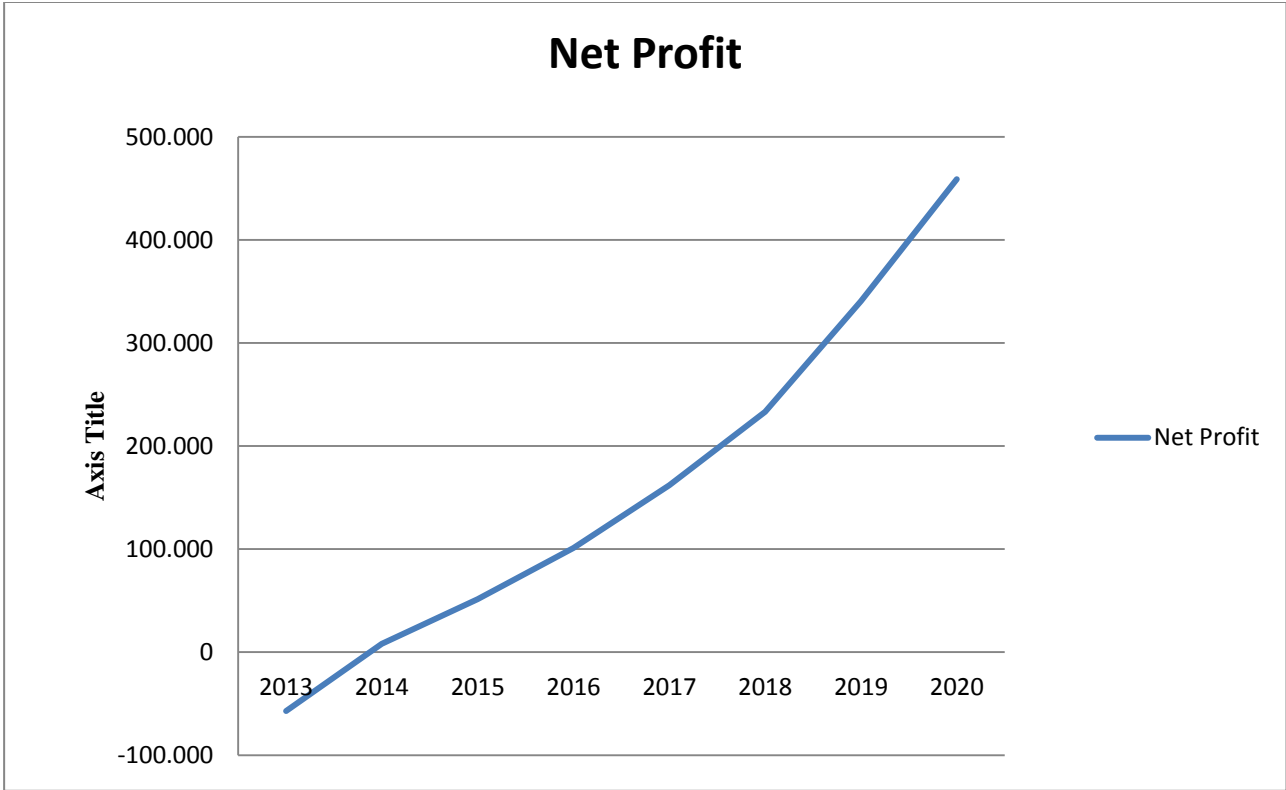


Figure 8 - Realistic Cash Flow

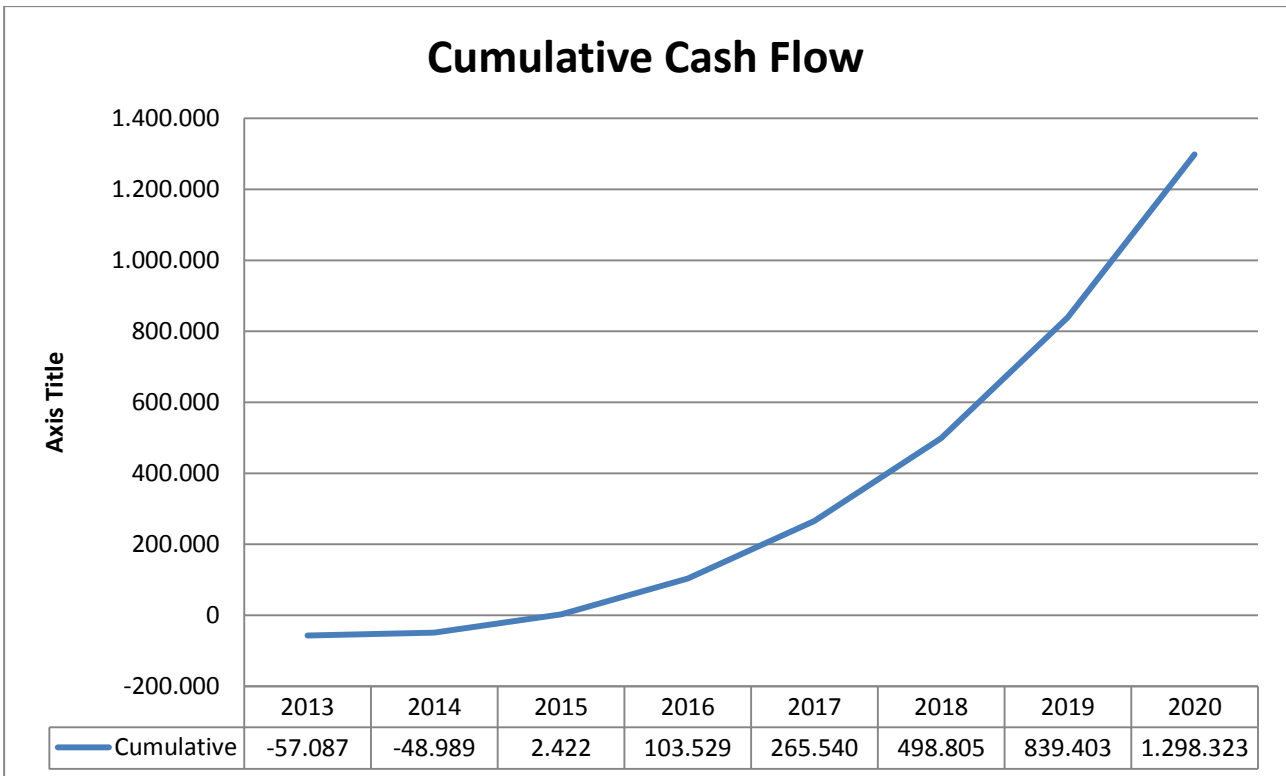


Figure 9 - Realistic Cumulative Cash Flow

## Pessimistic forecast

This scenario considers the previous forecast overestimating the market, and insists that there aren't really so many demands estimated for the products. Hence, it would make a new estimation on the number of customers throughout years; in this case, the estimation of market share which the company reaches in the first year is around 5.8% of the market, and it will capture 20% of the market share in year 2020. The estimated numbers of demands are shown in the following table:

Sales	2013	2014	2015	2016	2017	2018	2019	2020
Number of Sofa Sales	18	25	32	40	47	54	61	72
Number of Light Sales	6	15	20	25	30	35	40	45
Number of Stools Sold	60	75	88	96	102	113	116	121
Number of Coffee Tables Sold	17	22	28	34	45	53	65	71

Table 17 – Pessimistic Demand Forecast

In the situation described the competitors' shares fall from 31.4% of the share in the first year of MINA Company's emergence, to 26.7% in 2020.

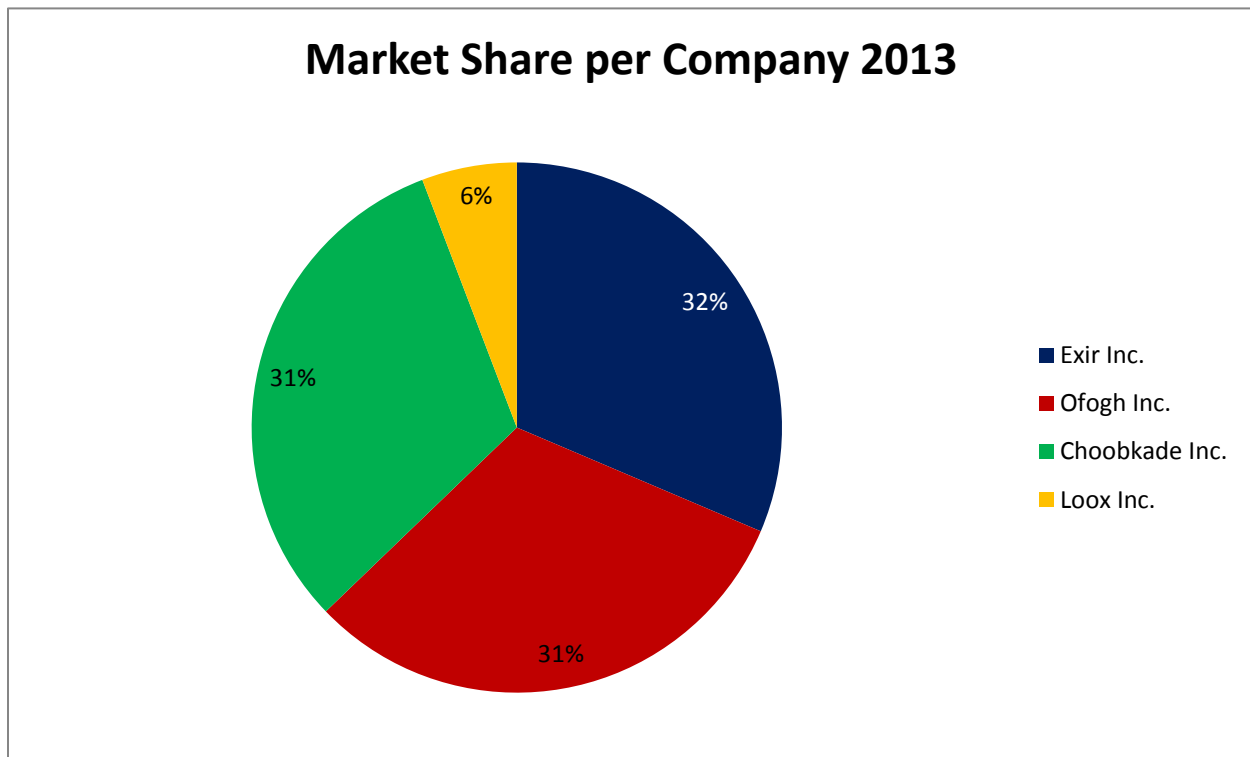


Figure 10 - Pessimistic Market Share per Company 2013

## Market Share per Company 2020

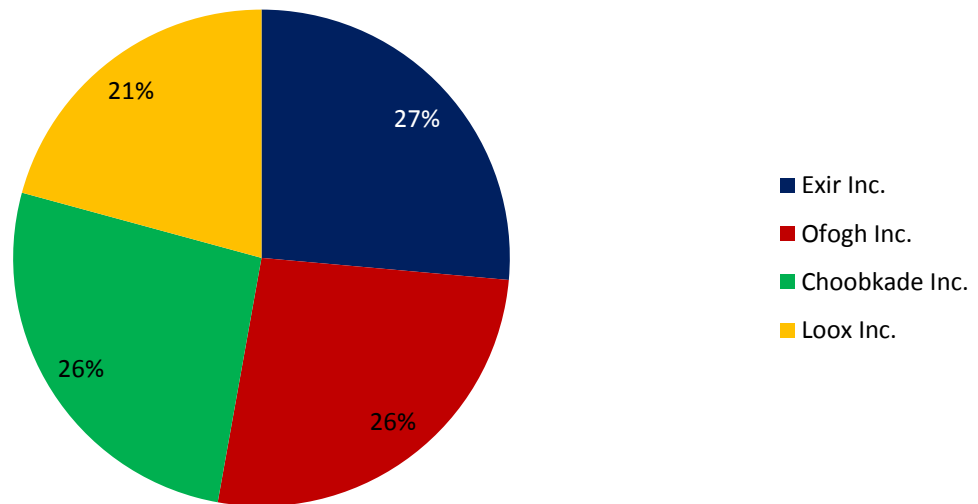


Figure 11 - Pessimistic Market Share per Company 2020

Causing the cumulative cash flow and net profit trend of the company would be as indicated in the following charts. Here the NPV of the initial investment considering the rate of return of the project as 12% is equal to €169,425.



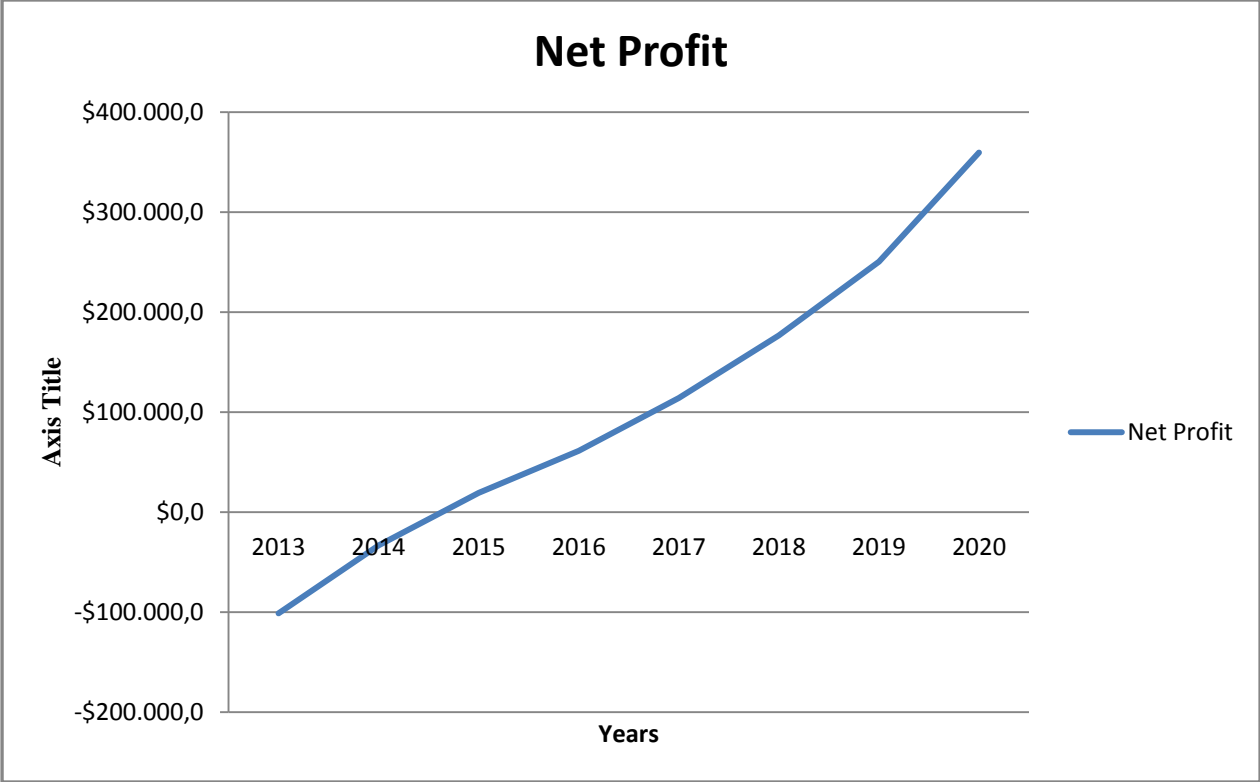


Figure 12 - Pessimistic Net Profit

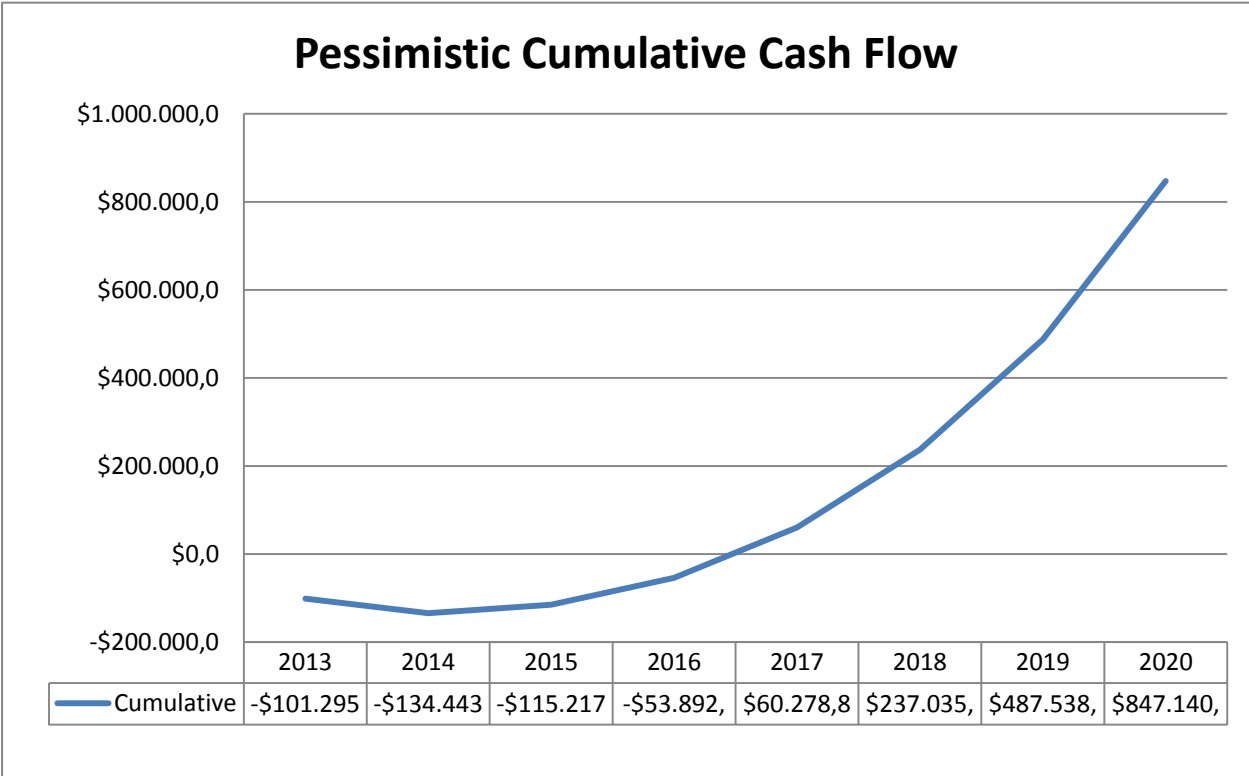


Figure 13 - Pessimistic Cumulative Cash Flow

### Optimistic forecast

This scenario considers the previous forecast underestimating the market, and insists that there are more demands than what has been estimated for the products. Hence, it would make a new estimation on the number of customers throughout years; in this case, the estimation of market share which the company reaches in the first year is around 10% of the market, and it will capture 31% of the market share in year 2020. The estimated numbers of demands are shown in the following table:

Sales	2013	2014	2015	2016	2017	2018	2019	2020
Number of Sofa Sales	36	42	52	64	75	86	102	112
Number of Light Sales	14	19	28	38	47	56	66	75
Number of Stools Sold	90	102	114	123	132	137	139	143
Number f Coffee Tables Sold	30	36	46	58	69	80	96	106

Table 18 – Optimistic Demand Forecast

In the situation described the competitors' shares fall from 30% of the share in the first year of MINA Company's emergence, to 23% in 2020.

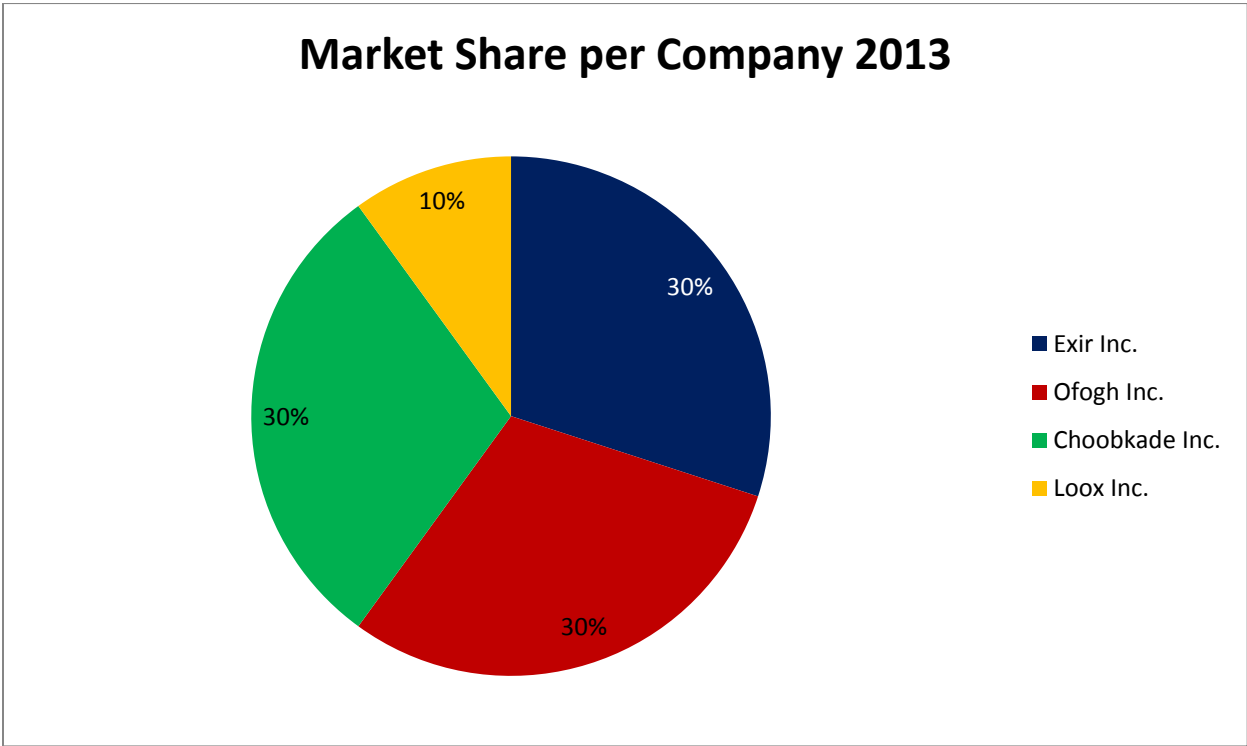


Figure 14 - Optimistic Market Share per Company 2013

## Market Share per Company 2020

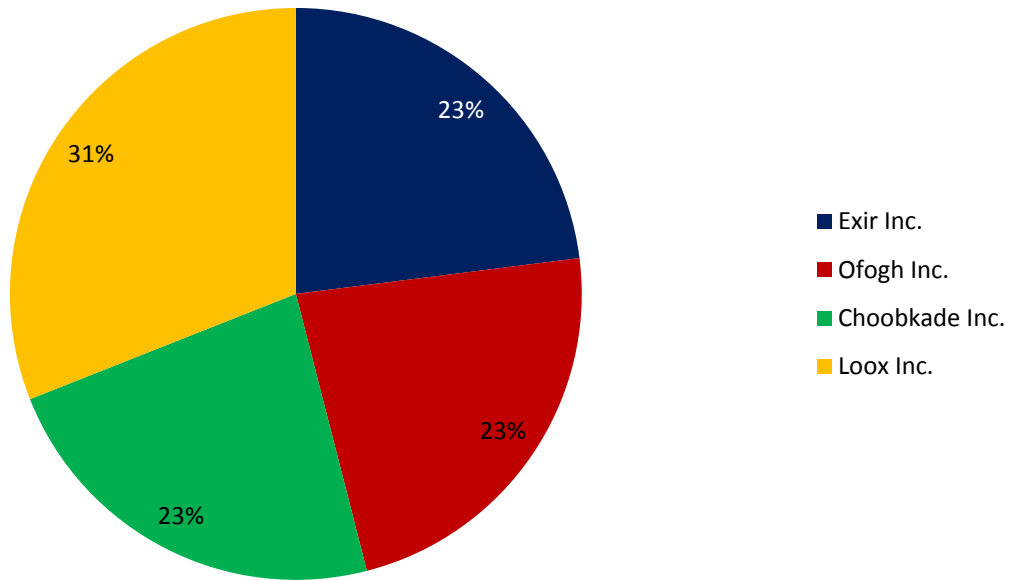


Figure 15 – Optimistic Market Share per Company 2020

Causing the cumulative cash flow and net profit trend of the company would be as indicated in the following charts. Here the NPV of the initial investment considering the rate of return of the project as 12% is equal to €648,707.

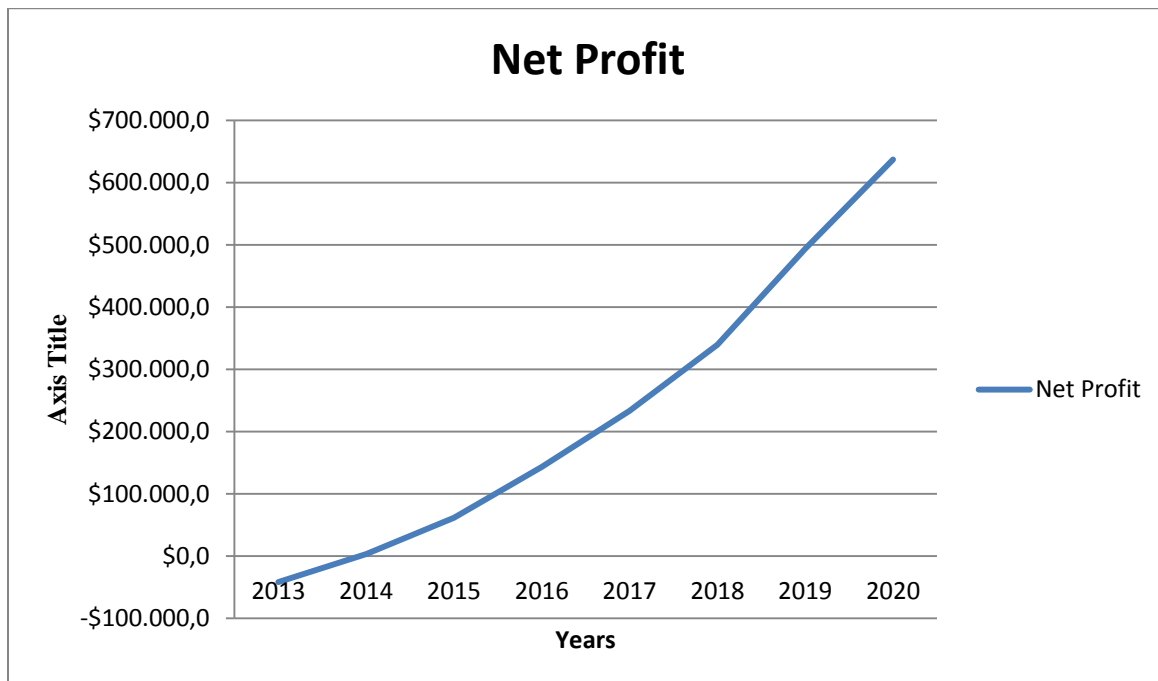


Figure 16 - Optimistic Net Profit

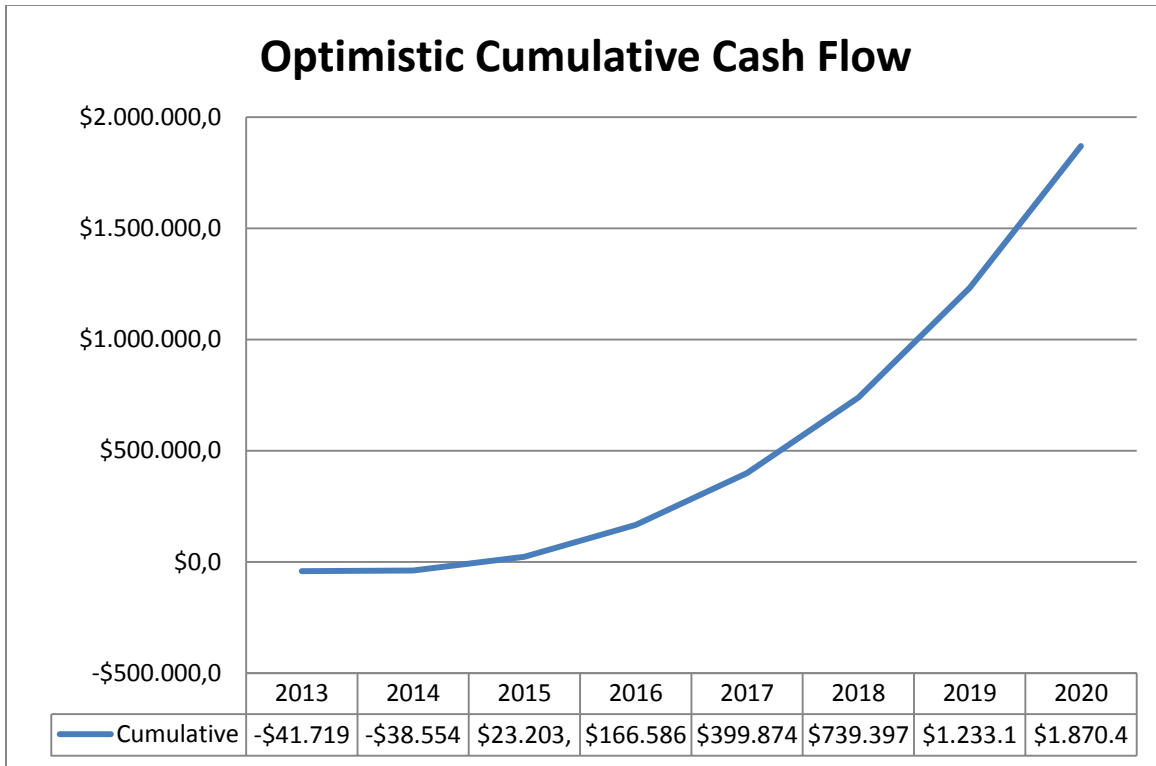


Figure 17 - Optimistic Cumulative Cash Flow

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