

**Business Plan: Building a Laundry Mobile App with 24hrs service in Jakarta, Indonesia**

## Executive summary

Preparation of a business plan is essential from the point of view of any entrepreneurial venture. In this report, an in-depth planning for the proposed 24x7 laundry service business has been presented. The proposed company Bell.me will be operated in Jakarta and offer laundry services with the help of mobile application. In order to assess the financial feasibility of the business, financial forecasting such as profit and loss and cash flow statement has been prepared. In addition, the report has also included investment appraisal techniques such as NPV, IRR and Payback period to determine the return of the investment. Moreover, an risk assessment has also been included to ensure the success of the business. The entrepreneur has conducted a detailed market survey to understand the perception of the consumers.

## **Chapter 1: Introduction**

### **1.0 Introduction**

This project is concerned with the application of designing new mobile application for 24x7 laundry services in Jakarta, Indonesia. The novice has applied skills and knowledge in this study to make sound business proposal. The business will be starting under the name of “Bell.me” and it will aim to provide soothing laundry services to the customers of the business with the help of mobile application. Thus, this chapter aims to evaluate the selection of an appropriate place in Jakarta to initiate the business and develop positive brand image in the Indonesian market.

### **1.1 Rationale behind the business idea**

Marketing is one of the most prestigious areas in Jakarta, Indonesia, as it has close proximity to the banking and business districts. Many highly esteemed professionals and ambassadors live in this vicinity and most of the houses in this area are described as chronological landmarks. However, there has not been any laundry service in the area having the feature of mobile application. Thus, Bell.me has decided to set its first branch in this particular area to provide maximum comfort to the customers, which, in turn, will help to earn greater revenues. The organisation will service laundry orders from the customers through mobile application and collect the clothing of the customers from their residences.

### **1.2 Selection of a scenario**

There have been five different scenarios available, which mainly include new start-up business as an entrepreneur, working in Non-Governmental Organisations (NGO), which mainly aims to benefit the society and present organisation as the business owner. In this study, the scenario chosen is developing a laundry mobile application for the customers of Jakarta, Indonesia. This is because it will help the novice to make full utilisation of knowledge and gather an insight of the laundry market in the selected geographical area. The existing business has not been chosen, as it might limit the knowledge of the researcher to introduce any new service in the organisation.

### **1.3 Mission**

The mission statement of the new business would be to create a Laundry Mobile App by emphasizing on the benefits of the customers in Indonesia.

### **1.4 Vision**

Vision statement of the company to reach large number of customer who require laundry facilities every day. It also aims to ease the life of the customers such that they can offer their services instantly on the basis of online order.

### **1.5 Aims and Objectives**

#### **Aim:**

The proposed business venture would aim to develop a laundry mobile app with 24 hours service in Jakarta, Indonesia. The business will aim to ensure that the app helps the interested target mass to gain access to the laundry facilities, within the Jakarta, Indonesia.

#### **Objectives:**

The following are the proposed research objectives, providing a business direction:

To identify

- The total business potential for such mobile app users in Jakarta, Indonesia (user trends)
- The customer potential for the laundry app users in Jakarta, Indonesia
- The pricing strategies that will ensure significant customer attraction

### **1.6 Structure of the Report**

The remaining part of the report consists of discussing the business opportunity in terms of mission and vision of the organisation. The third chapter is concerned with analysing the feasibility of the proposed business chosen in this study. The fourth chapter focuses on developing the strategic evaluation of the business idea to gain competitive advantage. The fifth

chapter provides an insight of the entire business proposal in terms of organisational, operational and financial feasibility.

### **1.7 Assumptions of the Business**

Inferno Laundry Services will be focusing on following the understated business model, which is briefly mentioned as follows:

#### ***Product Service:***

Bell.me services will be focused on providing different types of laundry services like dry cleaning services, which include coats, suits and expensive dresses. It will also engage itself in producing washing and cleaning services by measuring the clothes in kilograms. Thus, this particular business model would help the company to generate greater attention of the customers living in Menteng area. The company will charge 50 Indonesian Rupiah for each kilogram of clothes received for drying and cleaning purpose. It will charge 12 Indonesian Rupiah for single shirt and 25 Indonesian Rupiah for each expensive dress and suit.

#### ***Order placement:***

The company will allow its customers to place orders by using mobile application. The price of each service would be stated to the service users for providing information about the service charge of one wash. The company is also planning to pick-up the clothes from the houses of the customers within 40 minutes from the placement of orders. As remarked by Lussier and Halabi (2010, p.372), the customers often tend to avail fast and quality laundry services at cheaper cost. On the contrary, Maxwell et al. (2011, p.221) argued that the companies need to hire efficient personnel having adequate knowledge in handling the orders through mobile application.

#### ***Picking up of dirty clothes:***

As per the pick-up time mentioned above, the company will send people for gathering the clothes at the doorstep of the customers. The dirty clothes are separated from the ones, which require only dry cleaning. This service of the organisation might tend to develop positive brand image in the Indonesian market (McGrath, 2010, p.252).

### *Cleaning and packaging of clothes:*

The experts hired by the organisation will clean the clothes received from the customers. After cleaning the clothes, the organisation will provide drying and free iron facilities to the customers. As cited by Teece (2010, p.183), the facility of free and additional service will help the organisation to provide greater satisfaction to its customers.

### *Delivery of clean clothes:*

The company will take a day to deliver the clothes to its customers. In addition, it will not charge any service charge for receiving and delivery of the products. It will extend its time to two days, in case; huge amount of clothes received from a single customer. Thus, prior intimation of the scheduled time and delivering timely messages to the phones of the customers would help the company to earn greater revenues (Zott et al. 2011, p.1031).

## **1.8 Time Scale for Achievement**

The scheduling of the activities was done considering the time to be allotted to each of the tasks required to be performed for setting up a business plan. The activities are indicated in the Gantt chart. The series of activities begins from estimation of the budget to collection of feedback from the customers regarding the new Application that is to be launched for the 24 hours laundry service. The process is likely to initiate from August 2016 and feedback would be collected in May 2017.

**Figure 1: Gantt chart**

Activities	16-Aug	16-Sep	16-Oct	16-Nov	16-Dec	17-Jan	17-Feb	17-Mar	17-Apr	17-May
Estimation of the Budget										
Meeting with the investors										
Hiring of software engineers										
Preparation of web-portal										
Designing of online application										
Trial run										
Collecting feedback from the customers										

(Source: Author's Creation)

## **Chapter 2: The Business Concept**

### **2.0 Introduction**

The business idea in this study deals with setting up a mobile application for providing laundry services in Menteng, Jakarta. It is one of the most prestigious and vintage places in Indonesia, as many embassies and royal people reside in this area. The people living this area have very limited amount of time as leisure and therefore, providing laundry services through mobile application would help the people to place orders for washing their clothes.

### **2.1 Products and services of the Business**

#### ***Product:***

The marketing mix for Bell.me services typically includes providing dry cleaning services for the clothes, garments and curtains of the customers in terms of its product strategy. It will also introduce membership services for its regular clients. This would help the customers in availing seasonal discounts and offers as well as participating in the different social events (Lovelock, 2011). The company will also develop a database for maintaining the records of the clients. In addition, the clients would also be provided with an opportunity to open up accounts for checking their status by clicking on the link, [www.bell.me.ina](http://www.bell.me.ina). The products of the organisation will include dry cleaning of all types of clothes and washing and cleaning in kilograms.

#### ***Price:***

The company will set its pricing strategy based on the membership services and open services. As assessed, the company will charge 0.00289 Pound Sterling for washing and cleaning each kilogram of clothes and 0.00069 Pound Sterling for each shirt. Moreover, it will charge a bit higher for drying and cleaning the expensive garments amounting to 0.00141 Pound Sterling for each. However, the company will provide 8-14% discounts to the members depending on the type of service. Thus, this pricing strategy would help the company to penetrate deeper into the Indonesian market (Lovelock, Patterson & Wirtz, 2014).

***Place:***

In the initial stage, Bell.me services would focus on the Menteng area in Jakarta, Indonesia as the place of distribution. It will set up its first branch in the area for obtaining an insight about the laundry industry in Indonesia and capturing greater market share (Rosenbloom, 2011). The representatives of the organisation will visit the houses of the customers for picking up the clothes and deliver them back within 2-3 days. In addition, it has also planned to set up branches in Taman Suropati and Kota Kasablanka by performing adequate market research. Employing the company representatives to conduct the market survey would help in identifying the needs and demands of the potential customers (Ataman, Van Heerde & Mela, 2010).

***Promotion:***

The company has been planning to implement its services by using mobile marketing, regional cable network, newspapers and pamphlets as the promotional tools. As cited by Gordon (2012), the newspaper often helps a new start-up business for providing information to the general public. In addition, the representatives of the company will distribute pamphlets to the young professionals and families along with sending text messages in mobile. The use of local cable network would also provide the company to draw the attention of the customers (Joshi & Hanssens, 2010). The expenses for the promotional budget have been briefly presented in the form of a table (Refer to Appendix, Table 1).

However, later on, it has been thought to cease this type of advertisement and go solely with the pamphlets. This will be done when the market of Menteng will be saturated. The pickup and delivery boys will provide the pamphlets at the time of their visits to the customers. In addition, the company will also provide notifications on its application on any offers. This will bring a cost advantage to the company.

***People:***

The people of the organisation will include the young professionals, the families and working individuals living the apartments and houses of Menteng, Jakarta. As the business expands, it will increase its functional areas and set up branches in the other popular areas of Jakarta. The students living in the hostels will also be considered as the potential customers for the business in

the initial stage. Since the target customers of the business is only the people residing in Menteng, it will expand its operations later on in the other areas to maximise profitability.

***Process:***

The company will focus on providing maximum satisfaction to the customers by fetching them with quality services. It will purchase most modern machineries and designs that will help in cleaning the clothes and garments effectively. In addition, it will contract with a local research and development firm for analysing the feasibility of the business in the long-run.

***Physical Evidence:***

The company will hire 30 employees, who will be responsible for picking and delivering the clothes of the customers. The employees hired need to have a minimum experience of 3 years in the laundry industry. In addition, it will also make special packaging for the delivery of clothes to the customers in the form of attractive wrappers.

## **2.2 Segmentation, Target and Positioning**

The company will firstly follow the geographic segmentation strategy by targeting 68,309 people residing in the district of Menteng (Citypopulation.de, 2016). From this people, the company will target the rich and upper middle class people of the district in the initial phase along with the young professionals living the hostels as the target customers.

The company will also follow the demographic segmentation strategy by dividing the target customers based on the income level, occupation and social status. The company will also target the customers having a monthly income of above 20,000 Indonesian Rupiah. However, the company needs to accumulate sufficient funds for conducting the market research activities (Leonidou et al. 2010).

The target market that has been selected by Bell.me for initiating the business is the people living the houses and apartments of Menteng. The target market will comprise of the people having monthly income of more than 20,000 Indonesian Rupiah and businessmen with monthly earnings of more than 30,000 Indonesian Rupiah. In addition, the young professionals living the hostels, however, working in the Menteng district will also be the potential customers of Bell.me. In this context, Luan & Sudhir (2010) stated that the target market contributes immensely to the

segmentation process. However, as argued by Powers & Loyka (2010), the companies need to target the middle level customers as well in the initial stage, as they form the key to organisational success.

It has been assessed that Bell.me services will have a strong position in the Indonesian market, since it will maintain a positive approach and innovative service in the district. As part of the company services, it will provide free pickup and drop facilities by maintaining the service standards and quality. However, the lack of funding in the initial stage might act as an impediment to fetch quality services to the customers in the initial stage (Webb et al. 2011).

### **2.3 Management of the Business**

Business Management is based on proper decision making of the employees related to the tasks to be performed to satisfy the customers in the international market (Li, 2010). The application is to be designed for the smartphones that are mostly used by the customers of all age groups. Moreover, the managers need to ensure that the services designed by the company are user-friendly. The tasks need to be performed within the time frame allotted to each of the employees and there has to be proper communication between the managers and the employees (Heriyati and Siek, 2011).

### **2.4 Unique Features of the Business**

It enables the managers to interact with the customers directly through the social networking websites and they would be able to gather knowledge regarding the views of the customers (Heriyati and Siek, 2011). The business is likely to generate high profit as lot of customers are using the mobile application. The managers would be able to incorporate new ideas for the business (Heriyati and Siek, 2011).

### **2.5 Windows of Opportunity**

Most of the customers prefer to gather knowledge through the social media advertisements and therefore the managers planning to set up the new business have the opportunity to advertise through social media. Designing a mobile application helps the company to reach large number of customers in the international market (Liu, L.J. Chen and H.H. Chen, 2011).

## **Chapter 3: Literature Review**

### **3.0 Introduction**

Majority of the customers in the global market uses Smartphones and the mobile applications enable the customers to avail additional services from the companies with ease. Customers have the opportunity to order the products online and therefore the investors have found it profitable to invest in the business. The chapter would comprise of theories related to laundry industry in Indonesia and the overall size of the industry and the key competitors.

### **3.1 Literature review on the laundry industry of Indonesia:**

In order to assess the market, the use of Porter's Five Forces could be crucial for Bell.me services to determine the various barriers it might face to enter into the industry.

#### ***Threat of new entrants:***

As Bell.me services has been planning to invite the mobile applications in the Indonesian laundry industry for the first time, therefore, there is high chance that new businesses could imitate the process. In addition, the absence of proprietary factors in the industry could minimise the profitability of the organisation (Andersson, 2011, p.640). However, the low requirements of working capital to enter into the industry could increase the amount of competition of the business in future.

#### ***Threat of competition:***

The higher growth rate of the industry depicts the presence of intense competition. However, the low size of the different companies in the industry and the absence of mobile application to receive customer orders could help Bell.me services to gain competitive advantage in the industry. The company needs to spend additional expenses on advertising for generating the attention of the customers.

#### ***Bargaining power of the buyers:***

The cost of standard of living in Indonesia is extremely high. In addition, the people living the places of Menteng, Jakarta have high purchasing power and seek to avail quality products. The presence of large number of young professionals and embassies could help the organisation to

generate sufficient revenues from their services. However, as argued by Boons and Lüdeke-Freund (2013, p.14), the buyers often tend to avail superior quality services at affordable and reasonable prices. This might decline the profit margin of the organisation, as the pricing structure of the services will be high.

***Bargaining power of the suppliers:***

It has been evaluated that there is small number of suppliers delivering the laundry equipment in Menteng, Jakarta. As a result, Bell.me services might face difficulties in obtaining the necessary resources for running its business operations. In this context, Chandler *et al.* (2011, p.381) stated that the suppliers often tend to charge higher prices from the companies and exercise monopolistic rights in absence of other suppliers. In addition, Bell.me services could also find difficulties in switching over to any other supplier due to the high cost structure.

***Threat of substitutes:***

Bell.me services would not face any threat of substitute while operating in the Indonesian market. This is because the other companies do not provide pickup and delivery facilities through mobile applications. The hand washing facilities provided by the other organisations are low and fail to meet the desired standards (Fisher, 2012, p.1031). Therefore, the differentiation of services on the part of Bell.me services would help in increasing its market share and cash inflows into the business.

**Technological innovations related to the mobile phones**

Dastan and Gecti (2014) argued that one of the most important requirements for the benefit for the information system is the physical access to its functionality. It depends on the access to computer power and reachability. Reachability enables the company to reach the customers through different networks such as the social networking websites (Dastan and Gecti, 2014). Notification can be sent to the customers such that they are able to update their smartphones. Access to the functionality of information system requires more effort and depends on the task that is to be performed. Mobile technology are reviewed on the basis of different factors such the network connectivity, devices as well as functionality. Mobile technologies focus on the functionality of the information system (Popescu, 2015). Network connectivity is an enhanced factor in order to download any particular mobile application for the ease of the customers. The

mobile applications are also part of the advertisements made by the companies in order to reach different customers. Priyambodo, Tjiptono and Suyoto (2012) argued that mobile services are part of the technological innovations that have proved to be beneficial to several customers. Different areas of the mobile telecommunications have been under investigation such as the Information System and the Information Technology by the mobile device manufacturers in order to provide better services to the customers (Popescu, 2015).

### **Theories related to technology acceptance**

Information Technology is necessary in order to bring in innovation in the global market and there are various theories related to the acceptance of the information technology within the companies.

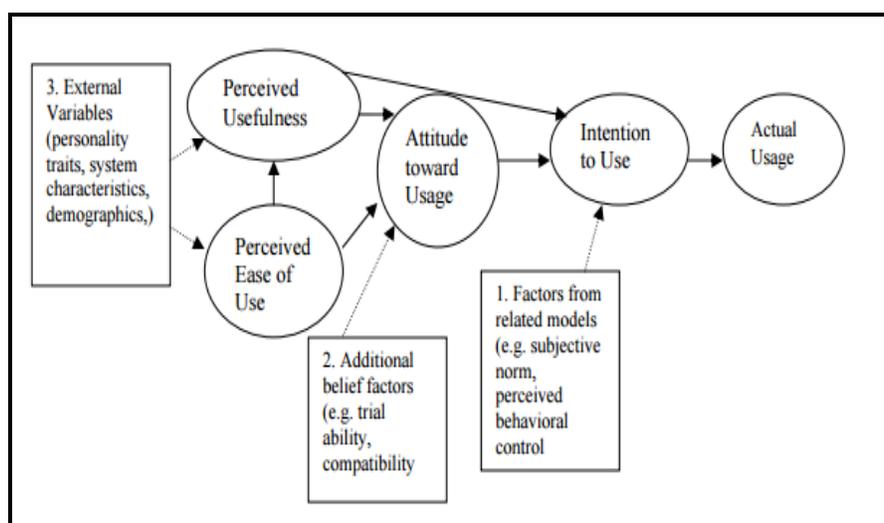
### **Technology Acceptance Model**

Venkatesh and Bala (2008) stated that the Technology Acceptance Model is used to predict the intentions of the individuals towards using the technology based on their perception related to the ease of use (POEU) and the perceived usefulness of the technology (PU). It provides a basis on the impact of the external variables on the attitude, belief as well as intention of use. In this case, the actual use of technology by a particular person is affected by the behavioural intentions, perceived usefulness of the system and perceived ease of the system (Venkatesh and Bala, 2008). Technology Acceptance Model is the most widely used system in measuring the acceptance of technology in various organisations and the validity of the model has been proven empirically. According to King and He (2006) the model suggests that both perceived usefulness and perceived ease of use affects the interests of the users. The positive attitude of the users leads to developing an intention among the users to use the technology. It depends on the perception of the individual regarding the use of that particular technology within the organisation and the impact it has on the overall performance of the organisation (Schepers and Wetzels, 2007). The introduction of new technology has a positive impact on the interests of the customers as many of the customers are attracted towards the new products that are technologically efficient (Schepers and Wetzels, 2007).

### **Theory of Reasoned Action**

As per Unhelkar and Murugesan (2010) Theory of Reasoned Action seeks for social psychology that identifies the determinant factor related to the intentional behaviour of the customers. The attitudes and beliefs of the employees within the organisation have an impact on their job performance. However, each of the actions undertaken by the employees is linked to specific reasons. The individuals working within the organisation have their own perception related to the consequences of their actions and thus they have the aim to perform their tasks efficiently (Muthukumar and Muthu, 2015). Some of the employees plan their actions whereas some other employees undertake their tasks efficiently in order to get a desired outcome. The theory of reasoned action is related to the theory of planned behaviour where the individuals plan out strategies in order to obtain a desired result. However, Muthukumar and Muthu (2015) stated that there are possibilities of failure as a result of the inefficiency of the managers. Nonetheless, there are other plans that are implemented in order to perform the tasks efficiently.

**Figure 2: Technology Acceptance Model**



(Source: Li, 2010)

As per Muthukumar and Muthu (2015) the behaviour of the employees also has an impact on the overall performance of the team and it helps to bring in innovation within the organisation. Therefore, efforts are made by the managers to train the employees such that they are able to achieve their goals within the organisation. The Theory of Reasoned Action is based on the fact that the individuals are rational decision makers regarding their attitude towards the tasks assigned to them (Park, 2011). The behaviour of the individuals towards the team mates affects

the overall performance of the organisation. Moreover, Muthukumar and Muthu (2015) argued that the leadership qualities of the individuals are evident from their behaviour and they are ready to take up challenges. This in turn contributes to the technological innovation that takes place within the organisation.

### **Smartphone market in Indonesia**

As per Muthukumar and Muthu (2015) Indonesia is known for its smartphone market as the total number of users purchasing smartphones is increasing gradually and this has contributed to the economic growth of the country in the recent years. The country is busy in expanding its 4G network which is a necessity for the smartphone users in order to download the application at a faster rate (Motiwalla, 2007). According to the Cellular Phone Association (APSI) in Indonesia there have been 30% to 50% of the customers growing every year who are interested in purchasing the smartphones (Muthukumar and Muthu, 2015). The middle class families in Indonesia are increasingly using the smartphones in performing their daily activities such as video-calling, streaming and e-commerce. Moreover, the expansion of smartphone industry in Indonesia is supported by the Government plan to develop broadband services in the municipal capital cities (Muthukumar and Muthu, 2015).

According to Motiwalla (2007) majority of the users purchase the smartphones in order to have access to the applications that are installed in the smartphones. Most of the companies have prepared their own applications in order to reach the target customers in the international market. The applications have helped the customers to order the products or services online such that they are easily provided with the services. Moreover, Liang and Yeh (2011) argued that it enables the customers to know regarding the status of their order and they can even rate the services online. However, the installation of the smartphone application requires high speed internet connection. Majority of the internet service providers are offering the 4G connections in order to accelerate the installation process. The new businesses are also expected to launch their services through the mobile applications that can serve large number of customers simultaneously (Liang and Yeh, 2011). The Government of Indonesia has set regulations for the manufacturing of smartphones that poses challenge for the other brands such as Apple and Xiaomi that are the key market players in the smartphone market. The smartphones have large number of benefits that prompts the users to purchase such that it can be used as a device merger

that is one can merge a particular device with the smartphones in order to use it as and when required. Schierz, Schilke and Wirtz (2010) stated that an e-book reader or a GPS service is the ones that are merged with the smartphones in order to use them according to the requirement. Furthermore, the smartphones provide constant internet access that is necessary for the customers to find information related to different topics and to communicate with the individuals through the social media websites (Schierz, Schilke and Wirtz, 2010). The customers have the opportunity to get access to large number of devices without carrying them personally. Additionally, the smartphones are available at various price ranges such that the customers can purchase according to their convenience. The operations within the smartphone manufacturing companies are the most effective in designing the smartphones efficiently in order to contribute to the overall performance of the organisation (Schierz, Schilke and Wirtz, 2010). There are free applications available separately for the android version as well as for Apple. Any kind of services related to books and transport are available with the help of the mobile applications.

### **Facts related to the mobile applications**

According to Liang and Yeh (2011) there are several steps to be followed by the customers in order to make proper use of the mobile applications. The companies providing their services with the help of the mobile applications ensure greater customer relationship management and brand loyalty in the international market (Schierz, Schilke and Wirtz, 2010). The performance of the applications is considered as the critical success factor for the overall performance of the company in the international market. It enables the company to earn greater reputation and gain competitive advantage. The companies can create advantages for the users through the simple and easy on boarding process. Moreover, security of the users is ensured as they share their personal information while registering for the apps. As per the study 68% of the users subscribe for the app messages in order to stay updates regarding various research topics. Moreover, the segmentation of the targeted audience is done such that different types of customers can be served differently (Schierz, Schilke and Wirtz, 2010). The managers of the new businesses are expected to raise the efficiency by offering them rewards to the employees for their better performance. On the other hand, Venkatesh and Bala (2008) argued that employees can be appreciated by the tasks performed by them in case if it generates positive impact on the society. Moreover, the rating provided by the customers is useful in enhancing the performance of their

business practices as well as the services that are offered with the help of mobile applications (Venkatesh and Bala, 2008). The reward system within the organisation is likely to have an impact on the performance of the employees and their work process. Furthermore, the mobile applications have the property to be shared easily from one smartphone to another and thus reach large number of customers.

### 3.2 Industry Size and Growth Rate:

The industrial size and trend of the laundry industry in Indonesia in terms of its growth has depicted below in the form of a table.

Key Statistics	2011	2012	2013	2014	2015	
Industry Revenues	6.16	5.96	7.53	9.03	9.66	(in billion Pound Sterling)
Gross Product of Industry	0.40	0.39	0.49	0.59	0.63	(in billion Pound Sterling)
Number of new businesses	110	120	130	130	130	(in units)
Employment	109,600	101,200	85,000	81,000	85,400	(in units)
Domestic Demand	116,012	111,809	150,690	181,983	197,211	(in units)

**Table 1: Table showing the industrial trend and potential demand for laundry services in Indonesia**

(Source: Data.worldbank.org, 2016)

From the above table, it has been observed that the growth of the industry in Indonesia is on the increasing scale, as the revenues of the industry have increased over the subsequent years. However, the number of companies in the industry has increased largely and therefore, Bell.me services could expect to experience intense competition from the other organisations. It has been observed that the demand for laundry services in the country have experienced a significant growth, thus, presenting opportunity for the organisation to establish its first branch.

**3.3 Major players and competitor analysis:**

The major competitors of Bell.me services in the area of Jakarta comprise of Filoli Laundry, which accepts orders from the customers visiting its stores. The company engages in washing and cleaning all types of clothes and garments. The other companies include Laundrette Counter AFC and Jeeves Laundry engaged in providing washing and cleaning services. Both the companies are holding a major portion of the market shares in the industry, which amounts to 25%. However, none of the above-mentioned companies has been providing pickup and delivery facilities to the customers. In this context, Hacklin and Wallnöfer (2012, p.180) stated that the organisation coming up with new and innovative services often attract the attention of the customers. As a result, it would help in increasing the market share of the organisation.

## **Chapter 4: Methodology for study**

### **4.1 Research Problem:**

This section of the study deals with critical evaluation of the problem formulation and the potential objectives of the research.

#### **4.1.1 Problem Formulation:**

The main problem associated with the research is to identify the scope of laundry services using mobile application for initiating a new business in Jakarta, Indonesia.

#### **4.1.2 Research Objectives:**

The main objectives of the research comprises of the following:

- To identify the scope of the business for the development of the proposed services in Menteng, Jakarta
- To identify the pricing issues for analysing the for attracting the attention of the potential customers
- To evaluate the feasibility of the business in the long-run in terms of financial and organisational feasibility

### **4.2 Design for market research:**

In order to assess the scope of the business in the laundry industry of Indonesia, the use of exploratory research would be helpful to track the potential gap in the market. In this context, Bryman and Bell (2015, p.120) cited that the analysis of market segmentation would help start-up business to set up its unit in the market. In addition, the use of exploratory research would also help the organisation to locate the potential areas in the market having huge demand for laundry services. As assessed, Menteng is the most popular area in Jakarta to initiate the business, as there is no other laundry service provider using mobile application in the area.

### **4.3 Information types and sources required:**

In order to initiate the business, **Bell.me** services needs to collect primary data by surveying the potential customers residing in the area of Menteng. This would help the organisation to assess

the needs and demands of laundry services of the potential customers (Collis and Hussey, 2013, p.18). A sample size of 50 customers from Menteng, Jakarta would help **Bell.me** services to identify the products and pricing strategies of the competitors. In addition, the secondary research also needs to be conducted for determining the performance and position of the competitors in the industry. In order to obtain secondary data, the company could make use of relevant journals, statistical sites and authentic internet sources. This would help in ascertaining the profits and revenues generated by the industry over the subsequent years (Eriksson and Kovalainen, 2015, p.30).

#### **4.4 Proposed methods of data analysis:**

In order to progress ahead with the research, the use of excel application would be made for analysing both primary and secondary data. As remarked by Hair *et al.* (2015, p.135), the presentation of tables and graphs would help the organisation to draw valid conclusions from the research. In addition, the use of feasible statistical tools is lo crucial to analyse the opinions of the selected participants in the survey process.

#### **4.5 Formulation of Findings:**

After the completion of the research, **Bell.me services** would gain a better insight on the behaviours and purchasing power of the customers. In addition, the company would also be able to gain a greater understanding of the competitors and their pricing strategies. The company would also be able to set its pricing structure based on the customer needs and other services. After the completion of the findings, the service packages would be tested for ascertaining the organisational, financial and resource requirements.

#### **4.6 Financial Feasibility:**

In order to determine the financial feasibility of the business, the conduction of profit and loss forecast and cash flow statement is crucial. This is because these statements would help Bell.me services to determine their revenues and profit margins over the subsequent years.

**Table 2: Table showing the forecasted profit and loss forecast of Bell.me services for 5 years**

<b>Years</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue	500	510	525	600	610
Cost of sales	80	85	95	100	120
<b>Gross profit</b>	420	425	430	500	490
<b>Expenses/overheads</b>					
Premises (rent, rates)	50	50	50	52	53
Wages and salaries	80	82	83	85	89
General expenses	30	34	38	42	50
Interest and bank charges payable	75	75	75	75	75
Lease payments	90	90	90	90	90
Depreciation	15	15	15	15	15
Other expenses	20	21	24	25	29
<b>Total expenses/overheads</b>	360	367	375	384	401
<b>Profit before tax</b>	60	58	55	116	89
Tax @25%	15	14.5	13.75	29	22.25
Profit after tax	45	43.5	41.25	87	66.75
Dividends	0	0	0	0	0
Transfer to reserves	45	43.5	41.25	87	66.75

(Source: As created by author)

**Table 3: Table showing the forecasted cash flow statement for Bell.me services for five years**

<b>Year</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>CASH INFLOWS</b>						
Cash from Sales		500	510	525	600	610
Directors loans	225					
Share capital	300					
<b>TOTAL CASH INFLOW</b>	<b>525</b>	<b>500</b>	<b>510</b>	<b>525</b>	<b>600</b>	<b>610</b>
<b>CASH OUTFLOWS</b>						
Payments for materials		120	140	150	165	169
Premises (rent, rates)	0	50	50	50	52	53
Wages and salaries	0	80	82	83	85	89
General expenses	0	30	34	38	42	50
Interest and bank charges payable	0	75	75	75	75	75
Lease payments	0	0	0	0	0	

Corporation Tax				75	75	75
Market survey costs	25					
Other preliminary expenses	28					
capital expenditure		30	35	40	45	50
Loan repayments						
Dividends			0	0	0	0
TOTAL CASH OUTFLOWS	53	385	416	511	539	561
Cash flow summary						
NET CASH FLOW FOR PERIOD	472	115	94	14	61	49
OPENING CASH BALANCE		100	120	140	168	170
CLOSING CASH BALANCE	125	169	175	180	186	190

(Source: As created by author)

#### **4.7 Financial requirements:**

In order to initiate a new business, finance is the most crucial aspect of any organisation. As commented by Swayne *et al.* (2012, p.200), a business could not survive without the viability of necessary finance for maintaining its operating activities. In addition, Bell.me services will use the financing obtained from various resources, whereas, improper utilisation of the same might liquidate the business and reduce profit. Therefore, the business owners have planned to seek advice from a competent financial advisor in the local area for making effective allocation of the business resources. Furthermore, in order to determine the pricing structure for the services, the company will set the same by estimating at the cost incurred to deliver the service. The planning will be made with full circumspection for achieving the target profit in contrast to the investment made.

Therefore, while determining the prices of services and service fees, the below-mentioned factors will be taken into consideration by Bell.me services:

- Purchase of new building for office space
- Shop furnishing
- Prices of washing machines
- Cost of maintaining the building and other equipments
- Electricity and gas
- Laundry supplies
- Expenditures for packaging the clothes
- Salaries of the recruited staffs

Therefore, the initial investment required for the business is briefly presented in the form of a table:

**Table 4: Planned Initial Cost for Bell.me services to initiate its business in Menteng, Jakarta**

<b>Particulars</b>	<b>Number of items</b>	<b>Price/Unit (in Pound Sterling)</b>	<b>Total Expenses (in Pound Sterling)</b>
Cost of Machinery	6	200	1200
Security of Building	2	100	200
Furnishing of shop	8	90	720
Mini Vans	7	80	560
Maintenance of Building	1	75	75
Promotional Expenses		60	0
Opening Ceremony	3	80	240
Inverters and Generators	3	30	90
<b>Total Investment Required</b>			<b>3085</b>

(Source: As created by author)

The investment required per month for running the business operations is also presented below in tabular form:

**Table 5: Monthly expenses estimated for running the business operations of Bell.me services in Menteng, Jakarta**

<b>Particulars</b>	<b>Number of items</b>	<b>Price/Unit</b>	<b>Total Expenses</b>
Maintenance Charge of Washing Machines	6	90	540
Electricity and gas expenses	4	75	300
Fuel cost of Mini Vans	7	50	350
Package of Clothes	5	30	150
Salaries of Staffs	10	80	800
Cleaning Detergents	15	40	600
<b>Total Monthly Expenses</b>			2740

(Source: As created by author)

#### 4.8 Investment appraisals:

In order to evaluate the organisational feasibility of Bell.me services, the use of investment appraisal techniques like NPV, IRR, Payback Period and Discounted Cash Flows could be considered. Therefore, the values of these investment appraisal techniques are briefly presented in the table as follows:

**Table 6: Net Present Value, Internal Rate of Return, Payback Period and Discounted Cash Inflows of the project**

<b>Years</b>	<b>Amount (in Pound Sterling)</b>	<b>Discounting Factor @10%</b>	<b>Discounted Cash Flows</b>
0	-525	-	-
1	500	0.909	261.917234
2	510	0.826	152.956744
3	525	0.751	97.7914454
4	600	0.683	74.7850497
5	610	0.621	54.5022913
<b>NPV</b>	<b>116.9527644 Pound Sterling</b>		
<b>IRR</b>	<b>20%</b>		
<b>Payback Period</b>	<b>2.12 years</b>		
<b>Total Discounted Cash Flows</b>	<b>641.9527644 Pound Sterling</b>		

(Source: As created by author)

According to the above table, all the methods of investment appraisal depict huge returns from the initiation of the new project. While ascertaining these values, the cost of capital or discounting factor has been assumed as 10%. In addition, the benefits from the project has also been obtained is positive with higher returns compared to the capital cost. As commented by Poister (2010, p.249), the investment appraisal process helps in determining the feasibility of a project compared with the initial outlay.

The company is also expected to recover the initial amount within 2.12 years, which is lower than the project's economic life. Therefore, as per the values obtained from these techniques, the initiation of the new project is highly feasible for Bell.me services to maximise profit margin and expected return. However, Jahangirian *et al.* (2010, p.6) argued that these methods fail to take into account the impact of economic crisis on the investment, which might reduce the expected return on investment. Based on the above calculation, it can be inferred that the break-even point for the business is 2.12 years. After, this period of time, the proposed business will start to make profits.

#### **4.11 Organisational Feasibility:**

The management of the organisation in the initial stage would be comprised of the business owners, two managers and 30 service delivery workers. The organisation will provide training to the workers, as the managers to be hired need to possess an experience of 10 years in the industry. In addition, the organisation will also conduct extensive market research activities for estimating the needs and demands of the customers. As the business expands, the organisation will also develop customer relationship management for handling the queries and complaints of the customers (McGrath, 2010, p.258).

#### **4.11 Resource Requirement Evaluation:**

The main sources required for starting the business is to arrange the necessary resources of funding. The bank loans of around 150 Pound sterling and investments of around 525 Pound sterling from the owners' funds would help the organisation to set up its first unit in Menteng, Jakarta. Hence, the total start up cost for the business is 675 Pound sterling The company also needs to avail technical equipment like washing machines for cleaning and washing the clothes. The requirement of expert human resource professionals, arrangement of building and obtaining

the government approvals are of crucial importance for Bell.me services to start the business. In this context, Meskendahl (2010, p.812) stated that obtaining the necessary resources would help in proper delivery and provision of services.

## Chapter 5: Findings and analysis

### 5.0 Introduction

In this chapter, the researcher has presented the findings of both the primary and secondary research. Secondary data has revealed the historical trends of market related to the different models of laundry services. On the other hand, primary data has indicated the perception of the consumers regarding the new laundry services. In addition, the chapter has also conducted a strategic analysis of the market. In order to conduct the strategic analysis, the tools such as SWOT and PESTEL has been used to understand the internal and external factors influencing the performance of the business.

### 5.1 Findings of the research

#### 5.1.1 Findings of the secondary research



**Figure 1: Figure showing the market shares of different models of laundry services in Indonesia**

(Source: Data.worldbank.org, 2016)

It has been assessed that majority of the market shares in Indonesia are captured by wet cleaning workshops for the public textile companies. However, the independent domestic clothing laundry covers market share of 17%, which signifies that **Bell.me services** could stabilise its position in the industry over the next five years. The provision of quality services like picking and delivering the clothes and garments of the customers in time is also crucial to expand market share of a new business (Lovelock *et al.* 2014, p.11). Therefore, the secondary data obtained depicts huge scope for **Bell.me services** to set its business in Menteng, Jakarta.

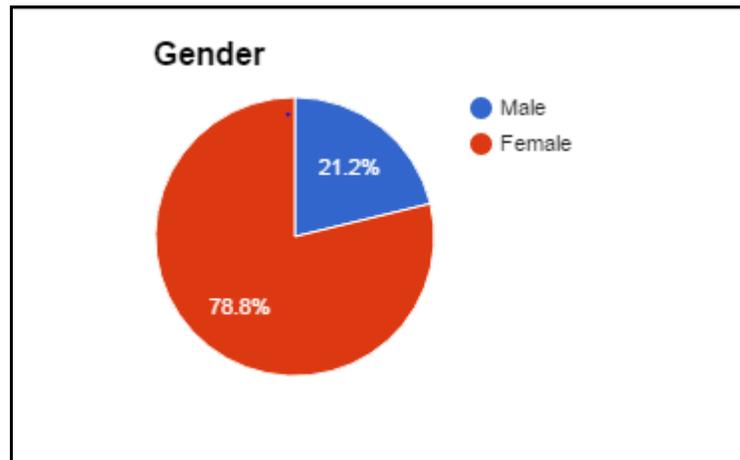
It has been assessed that the global businesses are becoming increasingly competitive in the context of price, services, quality and profit. The main gap assessed in the market has been the lack of availability of quality services in the laundry industry of Indonesia. Therefore, Bell.me services has been focusing on introducing quality services by purchasing modern and advanced washing machines. The company would also follow high pricing structure to meet the increasing cost of sales in the market.

### 5.1.2 Findings of the Primary market research:

#### Socio-demographics

#### Q1. What is your gender?

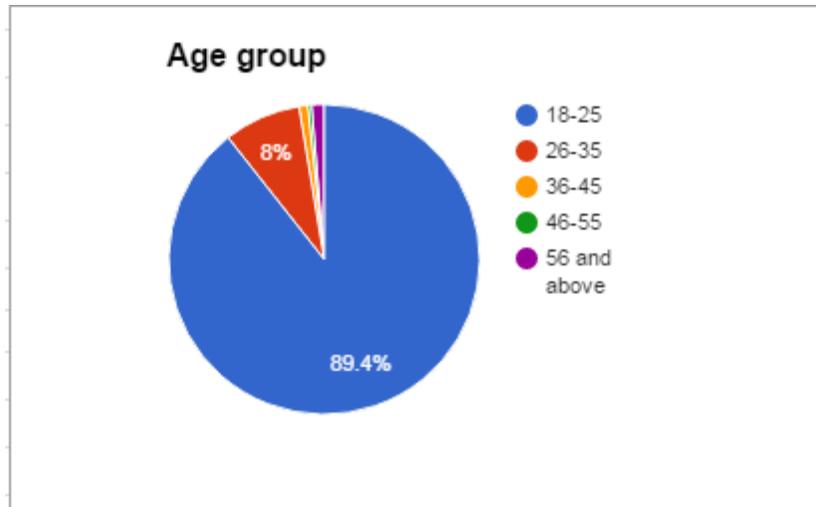
Options	Percentage of Responses	Number of Respondents
Male	21.20%	48
Female	78.80%	178

**Table 4.1: Gender of the respondents****Figure 4.1: Gender of the respondents**

**Q2. Tick your age group:**

Options	Percentage of Responses	Number of Respondents
18-25	89.30%	201
26-35	8%	18
36-45	0.90%	2
46-55	0.40%	1
56 and above	1.30%	3

**Table 4.2: Age group of the respondents**

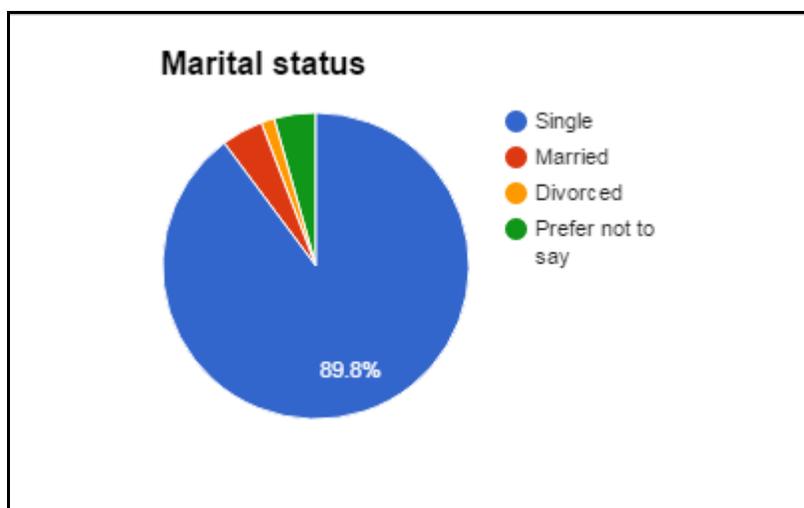


**Figure 4.2: Age group of the respondents**

**Q3. What is your marital status?**

Options	Percentage of Responses	Number of Respondents
Single	89.80%	202
Married	4.40%	10
Divorced	1.40%	3
Prefer not to say	4.40%	10

**Table 4.3: Marital status of the respondents**

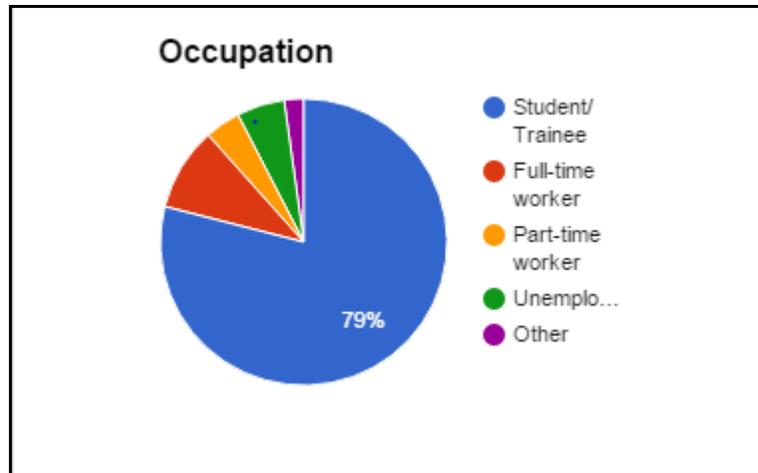


**Figure 4.3: Marital status of the respondents**

**Q4. What is your occupation?**

<b>Options</b>	<b>Percentage of Responses</b>	<b>Number of Respondents</b>
Student/ Trainee	78.90%	176
Full-time worker	9.40%	21
Part-time worker	4.00%	9
Unemployed	5.40%	12
Other	2.20%	5

**Table 4.4: Occupation of the respondents**

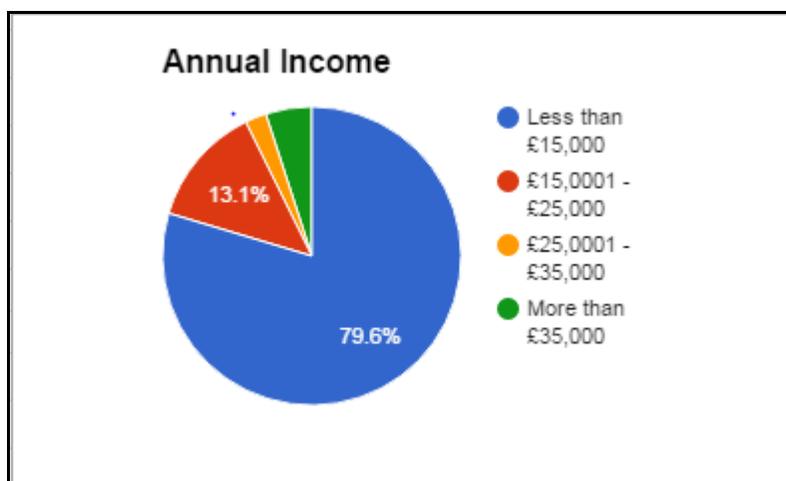


**Figure 4.4: Occupation of the respondents**

**Q5. Tick your annual income:**

Options	Percentage of Responses	Number of Respondents
Less than £15,000	79.70%	177
£15,0001 - £25,000	13.10%	29
£25,0001 - £35,000	2.30%	5
More than £35,000	5.00%	11

**Table 4.5: Annual income of the respondents**



**Figure 4.5: Annual income of the respondents**

### Consumer behaviour

**Q6. What type of clothes do you normally prefer to provide to the laundry services?**

Options	Percentage of Responses	Number of Respondents
Suits	53.40%	119
Curtains	22.40%	50
Blankets	42.60%	95
Bed sheets	43.00%	96
Coats	35.90%	80
Other	13.00%	29

**Table 4.6: Preferred clothes for laundry**



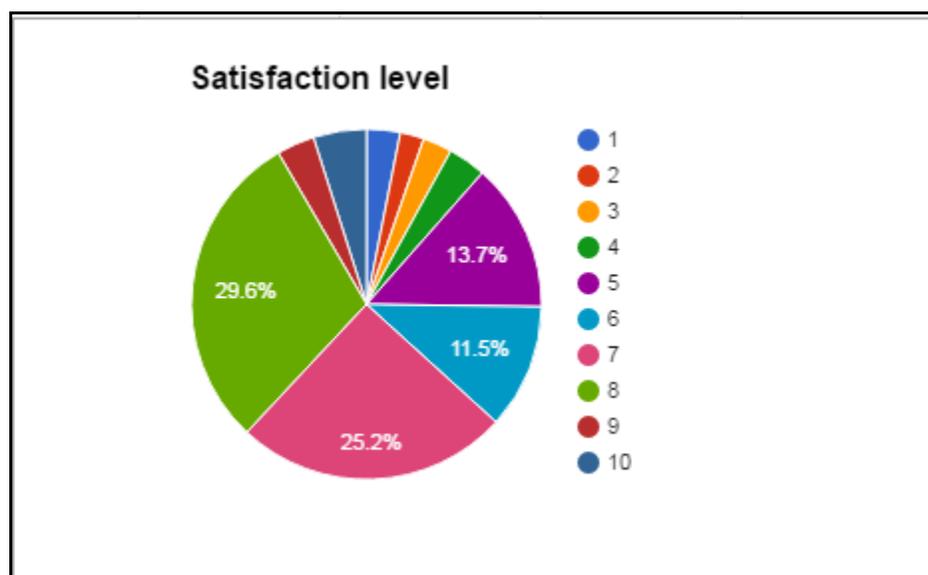
**Figure 4.6: Preferred clothes for laundry**

**Q7. How satisfied are you with your current laundry services?**

Options	Percentage Responses	Number of Respondents
1	3.10%	7
2	2.20%	5
3	2.70%	6
4	3.50%	8
5	13.70%	31
6	11.50%	26
7	25.20%	57

8	29.60%	67
9	3.50%	8
10	4.90%	11

**Table 4.7: Satisfaction level of the customers**



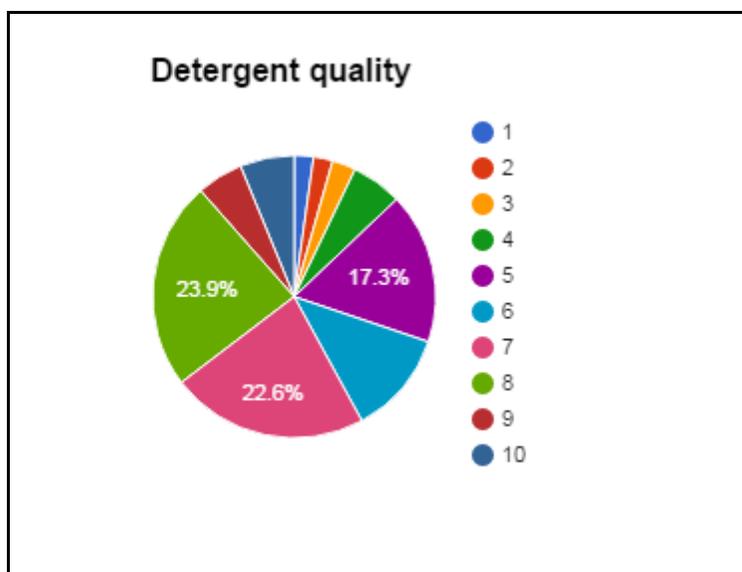
**Figure 4.7: Satisfaction level of the customers**

**Q8. How effective do you think regarding the quality of detergents they use while washing your clothes and garments?**

Options	Percentage of Responses	Number of Respondents
1	2.20%	5
2	2.20%	5

3	2.70%	6
4	5.80%	13
5	17.30%	39
6	11.90%	27
7	22.60%	51
8	23.90%	54
9	5.30%	12
10	6.20%	14

**Table 4.8: Quality of detergents for washing clothes**

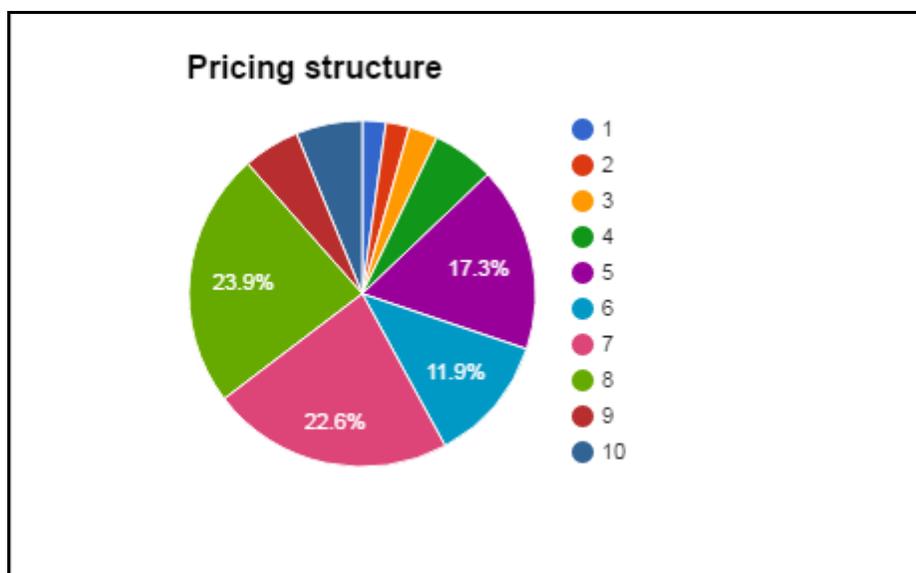


**Figure 4.8: Quality of detergents for washing clothes**

**Q9. How satisfied are you with the pricing structure of the services provided?**

<b>Options</b>	<b>Percentage Responses</b>	<b>of Number of Respondents</b>
1	2.20%	4
2	2.20%	3
3	2.70%	8
4	5.80%	15
5	17.30%	30
6	11.90%	39
7	22.60%	55
8	23.90%	51
9	5.30%	8
10	6.20%	10

**Table 4.9: Satisfaction with the pricing structure**

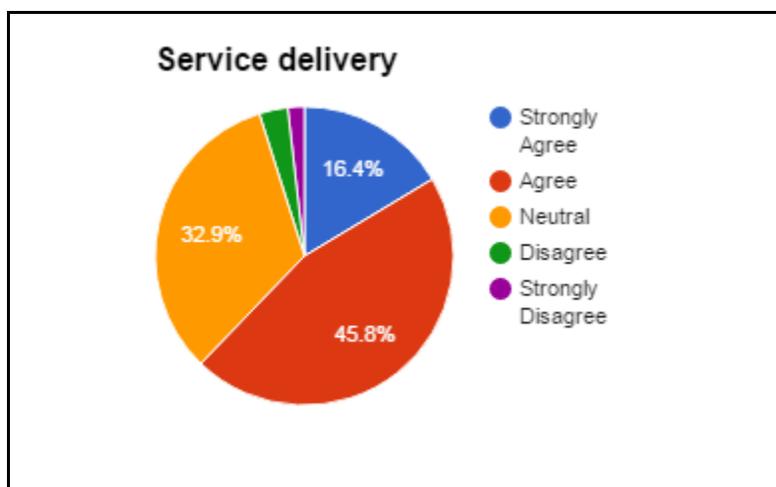


**Table 4.9: Satisfaction with the pricing structure**

**Q10. Does the laundry service provider you use deliver your clothes as per the promised time?**

<b>Options</b>	<b>Percentage of Responses</b>	<b>Number of Respondents</b>
Strongly Agree	16.40%	37
Agree	45.80%	103
Neutral	32.90%	74
Disagree	3.10%	7
Strongly Disagree	1.80%	4

**Table 4.10: Service delivery**

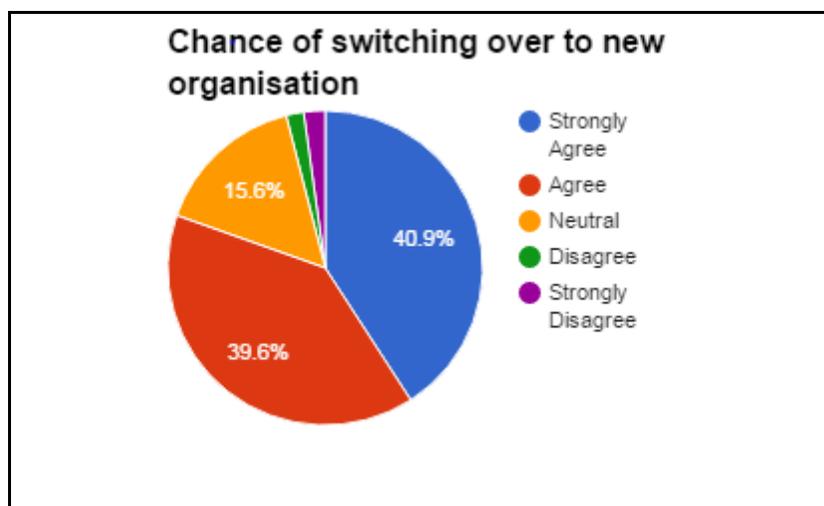


**Figure 4.10: Service delivery**

**Q11. Would you look to switch over to new laundry services providing free pickup and delivery facilities?**

Options	Percentage of Responses	Number of Respondents
Strongly Agree	40.90%	32
Agree	39.60%	89
Neutral	15.60%	35
Disagree	1.80%	4
Strongly Disagree	2.20%	5

**Table 4.11: Chance of switching over to new organisation**



**Table 4.11: Chance of switching over to new organisation**

***Combined Analysis:***

According to the above tables and charts, most of the surveyed customers are single females, who look after cleaning of clothes and other necessary cleaning items. In addition, most of the respondents are students belonging to different cultures living in Indonesia for the purpose of education. The annual income of the respondents is below 15,000 pounds, which depicts that Bell.me services needs to provide higher quality services at lower cost. In addition, most of the respondents send coats, suits and bed sheets for cleaning purpose in laundry. Thus, it depicts significant opportunity for the organisation. However, there is no laundry service facility available in Menteng, Jakarta, which provides free pickup and delivery facilities.

Hence, the customers are not satisfied with the pricing structure of the products. In addition, they have also expressed their views regarding switching over to new service provider for better quality services. Therefore, according to the results of primary research, it could be stated that the new business plan is viable for Bell.me services.

**Q12. Would you like to give a suggestion for the improvement of the laundry industry?**

While providing answer to this question, most of the customers have expressed their views regarding reduction in the pricing structure of services. In addition, the laundry services in Menteng are also not providing free home delivery facilities. As a result, the respondents want

this service to be included in the service package as well. Lastly, the customers have also suggested using higher quality detergents while cleaning the clothes.

## **5.2 Strategic analysis of the business idea**

### **5.2.1 SWOT Analysis of Bell.me services:**

In order to make effective strategic planning for the business, it is necessary to ascertain the strengths, opportunities, threats and weaknesses of Bell.me services. These are briefly evaluated as follows:

#### **Strengths:**

##### ***Expert staffs:***

The company will hire trained and competent staffs having relevant experience in the laundry industry. In addition, the company will also recruit a specialist trainer to instil the employees with necessary skills and competencies, as and when needed. In this regard, Austin (2010, p.29) stated that rigorous training to the workers might help the organisation to derive maximum customer convenience and optimum services. However, Bryson (2011, p.15) argued that the needs and tastes of the customers change from time to time, which might hamper the training procedure.

##### ***Implementation of modern and advanced machinery:***

In order to wash the clothes and garments of the people of Menteng in Jakarta, Indonesia, Bell.me services will install the most advanced washing machines, which the other players in the industry have not used earlier. As commented by Eden and Ackermann (2013, p.74), the installation of new machinery would help in better performance, which would help the organisation to maximise its profitability.

##### ***Effective business model by determining the demand in the market:***

As assessed, the company will develop a market research team to identify the potential needs of the target customers. It has been evaluated that the people living in Menteng, Jakarta are very much workaholic with strenuous work schedules. Hence, the free pickup and delivery facilities, which the company intends to initiate, would result in higher sales and profitability. However,

Freeman (2010, p.100) argued that the lack of budget in the initial stage might hinder the scope of a new business to assess the exact market demand.

***Differentiated facilities and services:***

Bell.me services has been planning to provide free pickup and delivery facilities along with different types of washing services. It will introduce a membership offer for the customers, which will include a discount of 8% - 14%. The clothes and garments received will be delivered back to the customers within a timeframe of 2-3 days.

***Weaknesses:***

The major weaknesses that Bell.me services could face is the **expected competition** in the laundry industry of Indonesia. It has been observed that the people living in the area of Menteng, Jakarta have positive relationship with their current laundry service providers. As a result, it could hinder the scope of the organisation in the Indonesian market. As stated by Galliers and Leidner (2014, p.187), the increased competition might restrict a new brand to develop a loyal customer base and increase its marketing share.

Another major weakness identified in the context of Bell.me services is the **limited budget** in hand for conducting the marketing activities. Since the standard of living in the province of Indonesia is high, the promotional expenses could also rise up significantly than the budgeted one. However, as argued by Grant (2015, p.34), the marketing activities often help an organisation to create brand awareness in the specific target market.

The **lack of capital availability** in the hands of the business owners might be another weakness of the organisation. This is because the company will purchase new and advanced machineries, which require huge cost along with purchase of a new building to set up the first branch. Therefore, it needs to take loans from the national banks of Indonesia to start its operating activities. In this context, Johnston and Bate (2013, p.9) remarked that the high interest on loans taken might hamper the liquidity position of the business in short-run.

***Opportunities:***

As no other organisation in the laundry industry of Indonesia has developed a mobile application for receiving laundry orders, it offers huge scope or Bell.me services to expand its market share.

In addition, the target market for the organisation is a heritage place in Indonesia with high living standard. In addition, the busy schedules of the people of Menteng would also provide opportunities to the organisation to generate its demand of services in the market.

***Threats:***

Although the service is innovative in the context of the Indonesian market. The competitors present in the industry could easily imitate the same. In addition, addition of new buildings in the target area could decrease the reliability of services on the organisation. However, Smith (2012, p.19) argued that the market trends and customer needs could be evaluated with the help of market research team.

**5.2.2 PESTEL analysis**

*Political*

Political stability is the key for the success of any business (Poister *et al.* 2010). Most importantly, the support from local government plays a vital role for smooth operation of a new company. Although, Indonesian government has implemented rules and regulation to maintain a competitive business environment, failure to ensure financial stability can affect the performance of the business.

*Economical*

Economic conditions of a country regulate demand for a particular products and services (Shenkar, 2010). Indonesia is considered as a developing country. The government of this country has taken necessary steps to ensure economic growth. Hence, it has improved the GDP of the country. Improvement of the economic condition of the people and their disposable income can be considered as a great scope for the new business like Bell.me to obtain desired result.

*Socio-cultural*

Large population of Indonesia and a steady population growth rate can ensure high demand for the laundry services. Moreover, educational status of the country is also quite satisfactory. Therefore, it can be predicted that the mobile laundry services can create appeal for the people of the targeted market.

### *Technological*

For the success of a mobile application based business like Bell.me, technological advancement of the country is crucial (Spee and Jarzabkowski, 2011). In the recent few years, Indonesia has improved its technological capability. In the cities like Jakarta high speed internet is easily available. Moreover, the number of people using smartphone is also quite significant. It can help Bell.me to progress its business.

### *Environmental*

The government of Indonesia is highly concerned about the environmental aspects. However, mobile laundry application can be widely appreciated by the government due to its paper less service. Moreover, Bell.me is also required to assess the impacts of the chemicals used for cleaning the clothes.

### *Legal*

Being a new company, Bell.me is required to follow all the legal parameters required for forming a business according to the Indonesian government's regulation.

## **5.2 Sources of competitive advantage and sustainability:**

Albrechts (2013, p.46) has stated that, it is essential for a company to recognize the sources of competitive advantage to exploit them for availing better profitability scope. One of the main source is the mobile application. Bell.me is a mobile application that will allow the customers to place the wish list from any place. In addition to it, the customers are also not required to spend any extra amount of money for placing the request, if they have access to the internet. Any other companies in the Menteng has not yet come up with the same business idea, therefore it is a competitive advantage.

In addition to it, the value chain system is another competitive advantage to the company. The overall operational strategy regarding the value chain has been described above. It has been told that the company will divide the target area in segments which will minimize the cost structure. For every pickup and delivery location two persons will be hired. They will providing pamphlets to the customers, by this way the company will be able to minimize the marketing cost.

However, it has been also told that these delivery boys will be frank in nature, who may increase the profit potentiality for the company.

In addition to it, the company will be purchasing high quality washing machines in bulk amounts. This will give an extra benefit of availing discounts to the Bell.me. These high quality washing machines are able to clean the clothes in most preferred way. They take less time and also are low energy consumers. Therefore, the Bell.me will also have a competitive advantage in terms of cost saving.

The company will be hiring best professionals in this line, who will be having more than 5 years of experience and know the handling procedures of all types of clothes. This way the company will be assuring its customers safe wash of their cloths. In addition to it, the company will also warrant the clothes they will be taking for washing. If any damage occurs to the clothes the company will be held responsible. However, the company will hire specialists who will be having quite knowledge over the conditions of the cloths. In any case if the damage happens, the company can justify the reason for the expertise of the supervisor. It has been seen that many a time this have occurred with other companies in this line, who have been charged by its customer for damaging their clothes. Therefore, Belkl.me will not be taking any chance to increase the profit potentiality.

In addition to it, another source of competitive advantage and the sustainability will be charging price of the services. As there is minimum competition in the market, the scope of high pricing is there. However, there is also a possibility of future competition. Therefore, the company is thinking of low pricing from the initial stage to diminish the scopes for new entrants. In addition, the company has thought to give the services 24/7. In addition to it, the company is also planning not to charge any extra amounts from the customers than the charge of laundry service. Therefore, it is also a competitive advantage to the company.

The economies of scale is another attributor to the competitive advantage and sustainability for Bell.me. The company has planned to enter into the market with in fluxing high capital. Therefore, the operations of the company will be higher than general. In this context, Aldehayyat and Anchor (2010, p.163) have told that not only the capital plays an important role in gaining competitive advantage for the companies but also proper strategies do. Hence it can be

concluded that the operational strategies and the value chain system will bring the competitive advantage and sustainability to the company.

### **5.3 Selection of blue ocean strategies for success:**

The business will aim to ensure that the app helps the interested target mass to gain access to the laundry facilities, within Jakarta, Indonesia. In order to accomplish the said aim, Bell.me services will be providing the people of Menteng with convenient place orders and delivery facilities. In addition, the business will also aim to ensure the convenience and satisfaction of the customers by washing their clothes to the best way possible. The major features of the business that will lead to success and growth in the Indonesian market are briefly depicted as follows:

- Enhanced service to the customers
- Innovative and fresh offerings
- Service point in the vicinity of Menteng, Jakarta
- Expert and competent personnel
- Advanced and contemporary washing machines and other equipment
- Convenient and clean facilities

### **5.4 Development of appropriate business model:**

The owners of Bell.me services will follow the following business model after starting its operation in the area of Menteng, Jakarta:

#### ***Less Ownership Model:***

In the words of Steiner (2010, p.7), the less ownership model guides a new business to scale its business activities in the other areas with the growth of the company in the market. Bell.me services will also follow this model for diversifying its business further in the other potential places of Indonesia. The company will focus on setting up its first branch in Menteng in the initial stage.

However, it will seek to look for other potential areas in the Indonesian province for expanding its business operations. In order to execute the plan, the company will recruit new personnel in the market research team for entering into new markets of Indonesia. Thus, this business model will be chosen by Bell.me services to maximise its profit level and liquidity position.

## **Chapter 6: Business Plan**

### **6.0 Introduction**

#### **6.1 Business plan overview:**

##### **6.1.1 Service idea developed from market research:**

From the cue availed from market research, the idea of laundry service in click mode is developed. It implies that the customers for the Bell.me will be able to place their orders online. A mobile application will be developed for the customers. The customers who will have the access to internet can request for the service. It has been thought to give the services 24/7. By this way, the company will be able to maximize its customer base.

Although the business idea generally is an old one but the modification that has been done with the help of technology, it will be a profitable one. The business will be working in the following way.

At first a customer will place his or her order on the mobile app. Seeing this the company will send an acknowledgement message online to the customer through the mobile app. However, at the time of placing the request the customer will have to inform Bell.me what type of laundry him or her intending to have. The customer will also have to detail the type of the cloths, for example a customer will have to write suit if he intend to dry wash it. After receiving the order, Bell.me will inform the customer about the time it will take for picking up the clothes. After sending the time confirmation, the received information will be given to the manager who will be in charge of supply chain management. The manager will inform the pickup boys who will be at the location. However, if this does not happen then pick up boys will be sent from the operation

facility. After receiving the cloths from the customers, the pickup boy will give notify the operation centre that the cloths have been picked up. The customers will also be sent a message on their mobile through the application that Bell.me has received their clothes. In addition to it, it will also be notified that from that moment the responsibility of the cloths will be upon the company and any kind of damage to them will be the responsibility of the company. However, after receiving the cloths on hand, another message will be sent to the customers.

As told above, the company will provide advices to its customers for what will be best for them. For example, if it has been found that a cloth des not a dry wash rather a general wash, the company will inform the customer about the matter. However, after receiving the confirmation from the customer, only then the company will take to wash. In this case also, the company will be taking responsibility for any damage (if occurs). After washing the cloths, they will be ironed, which will be free of cost. After completing all types of required internal operations, the company will deliver the clothes to their respective locations.

At the time of leaving the warehouse, a message will be sent from the company to the customers that their products will be shortly delivered. The payments will be received on the basis of cash on delivery. This way the company will be able to gain the faith of the customers. Bechor *et al.* (2010, p.17) has stated that the cash on delivery system attracts the customers more because they avail the benefit of getting assured that they will receive the products in well and good condition. After delivering the clothes, pick up boys will be asked to take the signature of the customers to be assure that the clothes are delivered. At that time a confirmation message will be sent to the customers that the company has received their payments saying that they will look forward to be at the convenience of its customers in future also.

### **6.1.2 Legal issues:**

As Bell.me is a start-up company in the Indonesia, it will have to go through some legal issues. These Legal issues can be of many. For example, land procurement, establishment, patents, working period and also healthy and safety measurements for the workers. In addition to it, the company has to comply with the environmental norms of Indonesia.

For the private limited liabilities companies in Indonesia it has been ruled to name the company with acronym PT for Perseroan Terbatas at the front of the name. Therefore, the name of this company will be PT Bell.me. In addition to it, the company will also have to procure the lands for its operations. In order to do so the company will have to register itself. Then the license for the business should be availed and only after this Bell.me will be able to acquire lands. The company also needs to renew the license over the period of three years as per the rules of the Indonesia. After acquiring the lands the company will have to set up the operation centre. It has been told above that the company will buy washing machines from a recognised brand in bulk amounts. This will be as a business deal of long term, Bell.me also has to face legal issues there. After incorporating the setup, while marketing the company will face some legal issues. Bechor *et al.* (2010, p.18). Has stated that the companies must not indulge themselves in provoking marketing. In addition to it, the company will also need to comply with the environmental regulations. As water is one of the important components of the operations for Bell.me, the company will have to comply with the rules and regulations of Indonesia relating to water. It should be kept in mind that the optimum usage of the water is made.

## 6.2 Proposed plan of action:

Key Milestones	Initiation Date	Finishing Date	Budget (in Pound Sterling)	Responsible Department
Completion of marketing plan	1/6/2016	21/6/2016	80	Marketing
Advertising and promotion	22/06/2016	5/7/2016	90	Marketing
Developing	6/7/2016	30/7/2016	120	Marketing

public relations				
Direct marketing	1/8/2016	25/8/2016	70	Marketing
Developing mobile application	26.8/2016	27/9/2016	150	Quality Control
Evaluating the customers feedback	28/9/2016	10/10/2016	350	Human Resource
Evaluation of secondary data	11/10/2016	18/10/2016	180	Operations
Business Initiation	19/10/2016	-	-	-

**Table 7: Proposed plan of action for Bell.me services to initiate the business**

(Source: As created by author)

### **6.3 Discussion of Critical success/ failure factors:**

The critical success and failure factors for a start-up company needs to be well devised and properly implemented. Hereunder, the critical success and failure factors for the new start up Bell.me are being described-

***USP of the services:***

The company has promised to deliver its services 24/7 including emergency services. Presently, in Menteng there is no other company that is providing the services at the same standard. Therefore, it is a success factor to the company. In addition to it, the price factor is another success issuer for the company. The prices that the company is charging for its services is at minimum point if compared to the standards it is willing to provide. In addition, the company will not charge its customers for delivering the clothes at their doorsteps. Therefore this will bring down the costs to the customers, which will bring in success for the company.

***The technological advancement:***

Bell.me will work only through a mobile application which will run on every type of smart phones, like android, iOS. Therefore, the customers will be able to place an order on the go. It will also not ask the customers to make any other expenses rather than the internet expense. Therefore, in placing an order, customers will not have to make any kind of direct expenses from their pocket, which will attract them more towards the company.

***Expertise of the workers:***

Bell.me will hire experts who have more than five years of experience in the field. Therefore, the company will be able to perfectly handle all the clothes they will take for the washing. Under their supervision, whole washing task will be performed. Therefore, the level of damages to the clothes will be minimum. By this way, the company will be able to create a loyal customer base. In addition to it, the advices that they will be giving to the customers on handling and maintaining the clothes will be a success factor also.

***Forecasting ability of the managers:***

The forecasting ability of the managers will be able to bring success to the company. In this context Poister (2010, p.247) has told that the forecast may at times get wrong which then will turn out to be a failure factor for the company. Therefore, it is necessary for the managers to remain updated for the success for the company. In addition to it, they are also needed to properly assess the market structure and the demands for the service. If this is done with proper analytical tools, the result will be optimum. Therefore, it can be said that this is also a critical success factor as well as failure factors for the company.

***Study for marketing scope:***

Gaining proper knowledge over the market scope is another critical factor for the company Bell.me. Spee and Jarzabkowski (2011,p.1217) has told that in order to build up proper strategies companies are needed to properly analyse the market scope like, competitors analysis, demand analysis, trend analysis etc. Proper evaluation of these data will give the advantage of having proper information on the market scope. Therefore, it will also bring in the success factor for the company. In this context, Varum and Melo (2010, p.356) have raised the concern over the adverse effect of choosing improper analytical tools. If the analytical tools be not effective for the measurement purpose, it will not bring in the success factor for the company.

***Efficiency of the management:***

In order to make a start-up business successful, the managers of the company and the owners need to be spontaneous in nature. They should always strive to be the best in nature. Therefore it can be said that if the managers of Bell.me be experienced enough for handling the pressure of competition and failure and also if their cognizance over business management be of high calibre, the success will be inevitable for the company. This is the main strength of the management of Bell.me services, which will differentiate its services from that of the competitors.

***Convergence between the technologies with adequate brilliance:***

If the technology factor gets properly conjugated to the strategies of the company, it will benefit the company. Therefore, it is necessary for company to appropriately mix the technology with the brilliance of minds. In addition, this new technology might ease the convenience and satisfaction of the customers largely, as they could place their orders with a click on their mobile phones.

***Camaraderie of the pick-up boys:***

If the pickup boys be of good nature, they will attract the customers more to take the services of Bell.me. Therefore, proper hiring and training of talented pick up boys will bring success to the company. In addition, the timely delivery of the clothes to the customers will also help in developing positive brand image in the Indonesian market.

#### **6.4 Logo and sketch plan**

For creating an appeal to the customer and uniqueness, Bell.me will take help from the marketing agencies for creating the logo of the company. However, the logo of the company will indicate the innovativeness of the proposed business idea.

#### **6.5 Viability factors**

Some of the most important factors that can ensure the viability of proposed business are: capital and marketing viability (Subramoniam *et al.* 2010).

Based on the financial forecasting and other investment appraisal techniques, it can be stated that the proposed business is financial viable. On the other hand, due to high demand and innovativeness of the business idea it can be stated that the proposed business can be widely accepted by the people of Jakarta.

#### **6.6 Exit strategy**

During the inception stage of the business, it is important for the owners to prepare a proper winding up strategy. Two most common factors related to exit strategy of the business are liquidation strategy and re-branding strategy (Varum and Melo, 2010).

##### **6.6.1 Liquidation strategy**

During the winding up period, Bell.me will sell all its fixed assets. However, during the liquidation period, the company may also sell its patent rights to another brand.

##### **6.6.2 Re-branding**

Bell.me can also diversify its operation for ensuing success. For instance, it can include some other mobile application based home services along with its laundry business in the later stages.

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**Appendix:**

<b>Media</b>	<b>Vehicles</b>	<b>Prices</b>
Electronic Media	<ul style="list-style-type: none"> <li>● Regional cable network</li> <li>● Mobile</li> </ul>	300000
Print Media	<ul style="list-style-type: none"> <li>● Newspapers</li> <li>● Pamphlets</li> </ul>	250000
Total		550000

**Table 1: Table listing the prices of the different promotional tools**

(Source: As created by author)

**Survey Questionnaire:****Q1. What is your gender?**

- Male
- Female

**Q2. Tick your age group:**

- 18-25 years
- 26-35 years
- 36-45 years
- 46-55 years

- 56 and above

**Q3. What is your marital status?**

- Single
- Married
- Divorced
- Prefer not to say

**Q4. What is your occupation?**

- Student/ Trainee
- Full-time worker
- Part-time worker
- Unemployed
- Other

**Q5. Tick your annual income:**

- Less than £15,000
- £15,0001 - £25,000
- £25,0001 - £35,000
- More than £35,000

**Q6. What type of clothes do you normally prefer to provide to the laundry services?**

- Suits
- Curtains
- Blankets
- Bed sheets
- Coats
- Other

**Q7. How satisfied are you with your current laundry services?**

- 1
- 2
- 3

- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q8. How effective do you think regarding the quality of detergents they use while washing your clothes and garments?**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q9. How satisfied are you with the pricing structure of the services provided?**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Q10. Does the laundry service provider you use deliver your clothes as per the promised time?**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

**Q11. Would you look to switch over to new laundry services providing free pickup and delivery facilities?**

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

**Q12. Would you like to give a suggestion for the improvement of the laundry industry?**