

# Example of uae printers business plan

[Business](#), [Company](#)



## **Business Plan**

### Executive Summary

The objective is to print high margin, large format graphics, such as billboards, indoor and outdoor signs, advertisements, and especially vehicle graphics.

### **The medium could be on paper, metal, glass, wood, etc.**

The general printing market in UAE is growing steadily. This will provide a daily base of work. However, the availability of very large format graphics, such as the sides of buildings, and vehicles, is undeveloped in UAE and the Gulf Region in general. Taking Los Angeles as a model, directly very large format graphics became available, the market exploded. There was a pent up demand for such work.

Because for the advertiser, the location rental is the biggest expense, the actual production of the graphics is not price sensitive. The key determinates are quality and speed of delivery.

The production equipment is expensive. But the product is high value, low volume, and low weight. Initially we will not commit the capital to purchase all the necessary equipment. We will have basic equipment in the UAE. For very large and special projects, we will electronically transmit the artwork to a subcontractor in Germany, who will airfreight the product to UAE next day. In this way we can develop a very high margin business without the huge fixed equipment costs generally associated with printing companies.

## **As the concept can be quickly expanded across the Gulf Region, we consider this to be a High Potential Venture.**

### The Market

#### Market Potential

The market would be the UAE and the Gulf Region.

The “ daily work” would be signs and posters for businesses in the central city, served by sales representatives and a “ pick-up and delivery” service.

Fortunately, nowadays most graphics is in digital format, so the pick-up” would usually be email. There are 110 listed companies in the UAE, and thousands of small companies.

The “ growth work” would be advertising agencies. There are 472 advertising agencies in Dubai. So the potential market is very large. The availability of high quality, large format graphics, delivered quickly would persuade advertising agencies to switch some of their budget for outdoor advertising, and away from newspapers or magazines. Advertising agencies have the advantage of being an ongoing source of high volume, high margin work. With both individual companies and advertising agencies, the customer is using the service for advertising. Advertising in the UAE is estimated at \$1. 6 billion for 2013. It has been shown that outdoor advertising, especially vehicle graphics, is the most cost effective advertising.

#### Figure 1 Advertising costs by media type

So we have a large potential existing market, with the added benefit of converting some advertisers to our indoor and outdoor billboards, and vehicle graphics.

## **Marketing Plan and Sales Strategy**

The marketing and sales campaign would be split in two parts:

- Product marketing to individual companies
- Awareness marketing to advertising agencies

We will advertise what we make. So we will use large format graphics and vehicle graphics that show our capabilities and demonstrate the power of our medium.

For our sales representatives, we will lease cars, decorated with our graphics. We will also lease graphics space on high traffic vehicles, such as taxis.

The advertising directed to individual companies will direct companies to our website and sales telephone number. Then we will assign each lead to a commissioned sales representative, who will follow up either by telephone or in person.

### **For advertising agencies, we will have direct in-person sales calls, with the offer to do a sample project.**

Franchising

There is a good opportunity to franchise this business – initially to other Arabic-speaking countries – and then to Africa and South Asia. The concept is quite portable, yet requires technical knowledge and expertise from a central headquarters.

## **Competition**

Local Competition

The local competition is not mature, compared with a market like Los

Angeles. There is very little vehicle graphic advertising in the UAE. So we feel that we can make a good penetration into the market.

## **International Competition**

The UAE is the largest advertising market in the Gulf Region, and so there will be less competition from other close countries like Kuwait. In fact the international expansion through franchising is a very real possibility.

Some huge international companies will have a worldwide graphics sourcing arrangement. However, we have the advantage of local contact, fast delivery, and Arabic language. International competition needs to be monitored, as the companies may be very sophisticated, but they may be timid to commit to an unfamiliar marketplace and language.

## **Disruptive Technology**

Billboards are very gradually changing to an electronic “TV” type of medium. Print billboards will remain viable for the long term. Print graphics are the only option for vehicles.

However, as we gain customers, it will be worthwhile to form an alliance with a digital billboard supplier, and gradually transform part of our business to electronic signs and billboards. The technology is well proven, and it should be marketing rather than a technology challenge.

## **Risk/Opportunity**

We will mitigate the risk with several strategies.

For very large or unusual orders that need exotic equipment, we will subcontract that work, perhaps to Germany. The graphics can be emailed, and the product can be air freighted. The weight of the work is very low, so

shipping costs are not excessive. This approach will avoid purchasing expensive equipment before we see a stable demand for a particular format.

A large format, low volume digital printer costs only \$10, 000. However, few companies have such a machine, so we should be able to keep a steady volume on 3 or 4 such printers.

All major equipment items and cars will be leased as the volume demands. This reduces our capital costs.

The upside potential is very large compared to the downside. There is no technical or regulatory risk. The initial investment is low, and most costs are variable in the medium term.

## **Exit/Payback Strategy**

There are 2 scenarios.

- The company becomes a High Potential Venture – as planned
- The growth is more modest – the company becomes an Attractive Small Company

As a High Potential Venture, the company will produce good earnings and excellent cash flow. The IPO option is probably not as likely, as we would be classified as a “ printing company” with a low Price/Earnings Ratio. As a High Potential Venture, the investors could either just enjoy the cash flow.

Alternatively it would be quite easy to finance a buy-out for any investor who wanted to sell.

As an Attractive Small Company, given the modest initial investment, the company could provide an internal buy-out, whereby managers and

employees could buy out the initial investors, and gain control of a nice place to work.

## **Financial Plan**

### Assumptions

It is assumed that the main production equipment can be leased. There is a very well-established leasing market for printing equipment and this is a very likely assumption. The pricing is assumed to be 3% of the capital cost per month.

### **The majority of sales will be generated by “ Commission Only” sales Representatives.**

The building will be located in a multi-unit structure to allow expansion to additional units over time, without the need to commit to a certain size building at the beginning. The building will be in an industrial zone.

The intent is to keep the majority of costs variable, to avoid initial losses on startup and to reduce the financial risk. We will use subcontractors extensively during the first few months, gradually bringing production in house, as the product mix becomes stable.

Figure 2 Financial Assumptions

### **Startup Capital and Costs**

The startup capital required is \$150, 000. We will ask investors for an extra \$100, 000 Contingency Fund so that we can take advantage of unexpected opportunities or costs.

Figure 3 Initial Startup Capital

## **Financial Projection**

Figure 4 5-year Financial Projection

### **Conclusion**

This is a “ High Potential Venture” with a large potential market.

The market for large format and vehicle graphics is not mature. There is no reason that prevents customers switching to our service, either from competitors or from different media.

**There is an excellent opportunity to expand quickly, using a motivated commissions salesforce.**

Overall, this is a rare situation with low initial capital costs, a large market, and fast growth potential.