

**ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ
ΤΜΗΜΑ ΟΡΓΑΝΩΣΗΣ ΚΑΙ ΔΙΟΙΚΗΣΗΣ ΕΠΙΧΕΙΡΗΣΕΩΝ
ΜΕΤΑΠΤΥΧΙΑΚΟ ΠΡΟΓΡΑΜΜΑ
ΣΤΗΝ ΔΙΟΙΚΗΣΗ
ΕΠΙΧΕΙΡΗΣΕΩΝ – MANAGEMENT ΤΟΥΡΙΣΜΟΥ**

**ΕΠΙΧΕΙΡΗΜΑΤΙΚΟ ΣΧΕΔΙΟ ΓΙΑ ΕΝΑ ΠΡΑΚΤΟΡΕΙΟ ΤΑΞΙΔΙΩΝ
ΜΕΤΑΞΥ ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ ΤΗΣ ΜΟΛΔΑΒΙΑΣ ΚΑΙ
ΤΗΣ ΕΛΛΑΔΑΣ**

**Διπλωματική Εργασία
της Ινα Λέμπεδεβ
Πτυχιούχου του Πανεπιστημίου ΑΣΕΜ
της Δημοκρατίας της Μολδαβίας**

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BUSINESS-PLAN OF A TRAVEL AGENCY ORGANIZING TRIPS
FROM MOLDOVA TO GREECE

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PIREUS 2004

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This work represents a business plan of a travel agency, organizing trips from Republic of Moldova to Greece. It was written as an auxiliary support to start up a business in Moldova. The choice of the theme was influenced to a great extent by knowledge, accumulated during studies in Piraeus University.

Information collected for this work will be of good assistance to young Moldavian businessmen in organizing their own businesses.

1.0 Executive Summary

Travel agency SERINA will begin operations on the 2nd of January 2005 and will create opportunities for Moldavian citizens to visit Greece through choice of tourist attractions. Our company will initially focus on Athens, capital of Greece; one year later, other destinations will be added.

Our window of opportunity is the possibility of showing the world of Greek tourist attractions from a different viewpoint, and creating a pleasant and comfortable way to enjoy this country. We will present Greece as a “Jem of Mediterranean”, with strong traditions, beautiful nature and fantastic kitchen.

SERINA will be organized as a limited liability company. Our office will be located in the centre of Moldavian capital. Staff will be presented by 5 people, all young and full of energy, ready to sacrifice with their present jobs to succeed in new business. Each has relevant education and experience for this business. The owner Mrs. Ina Thompson will contribute 50% of \$ 15 000 to the start-up capital, the rest will be added by other 2 key persons.

International travel in Moldova has expanded continuously over the last 15 years, only last year number of tourists going abroad has registered 70% growth; the same had the revenues of travel agents.

The company's main business will be pre-packaged tours, but complimentary services, as transportation, lodging, etc. will be offered as well. A simple advertising campaign will be applied in order to sell our services, but most important to create awareness of our company.

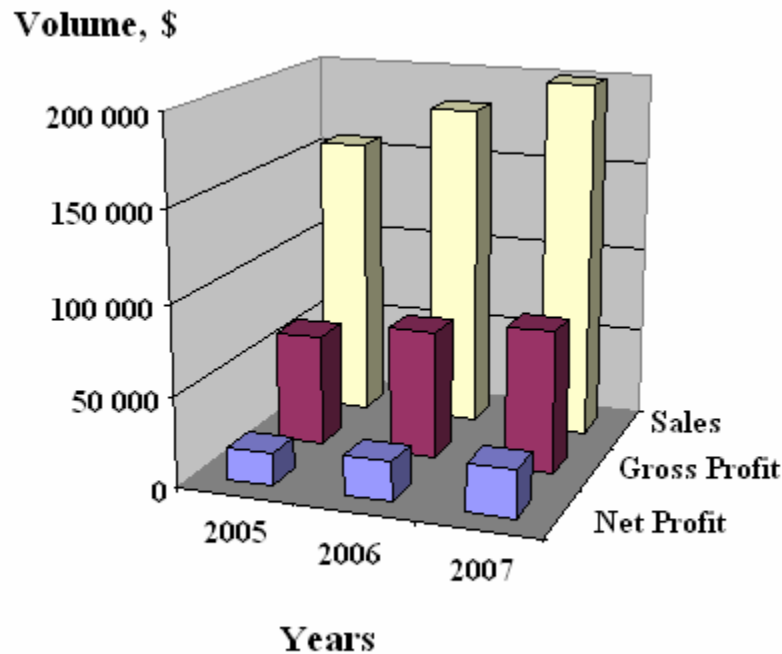
Company's target customers belong to middle and high-income class customers, whose average household income overpasses \$ 6 000 annually. These are likely to be couples, both married and unmarried, age group 20-50, total of approximately 100 000 persons. They prefer pre-packaged 7-10 days trips.

There is only one competitor on Moldavian tourist market. Although it is a big company, it doesn't satisfy even basic customers' needs.

We have set the price at \$ 850 including all stages. The company's estimated sales for the first year of operations are \$ 158 000, increasing 10 % annually for the next two years. Profit margin is calculated at value of 40 %. The first years fixed costs will represent greater part of operating expenses, but after 3 years we will consider changing policy. Also the first

few years we don't plan to borrow any money in order to keep our costs low.

Business Plan Highlights



Our strategy is to focus our efforts on the market for Greece. By concentrating our energy on this particular niche, we expect to relatively quickly develop and maintain a leadership position. Our competitiveness places a premium on quality. It provides clients with required complementary services, which give them added comfort. We believe that our singular focus will give us significant advantages, and will establish our image as a top-quality provider and a trustful agency. This will be accomplished through diverse promotional tools. We will try to stay in personal touch with customers in this niche; and we will be able to respond to changes in this market much faster than our competitor, who offers sporadic excursions with limited services to the clients. We will try to offer the best, most highly personalized service in the marketplace we serve. Especially being a very small, owner-operated company, we intend to use this to our advantage to be absolutely certain that every one of our customers receives excellent service.

2.0 Business Purposes of the Company

General Information about Republic of Moldova

History

The Republic of Moldova is a small country, favourably situated in the Southeast part of Europe, neighbouring Romania to the West and Ukraine to the East.



From the XIV century it was a part of the Moldova Principality, situated between Oriental Carpathians and the Nistru River, in the north bounded by Hotin, and in the South – by the Low Danube and the Black Sea. Following the Peace concluded in Bucharest, in 1812, a part of this territory was assigned to Czarist Russia, which called it Basarabia - an older name, earlier attributed to the southern part. The aim was to identify this territory as a separate geographic entity from the Moldova Principality.

The Independence of the Democratic Republic of Moldova was proclaimed in January 1918. And later, on the 27th of March, 1918 it was decided to reunite it with Romania. The next annexure process took place in 1940, following the Molotov - Ribbentrop summit. According to this Basarabia became part of the USSR and was proclaimed as the Soviet Socialist Republic of Moldavia. It comprised only nine Basarabian counties and six districts from the left bank of the Nistru River. The present territory of Moldova is smaller compared to the area attributed to Russian authorities in 1812, since the North Hotin, Ackerman and the southern Ismail were given up in 1940 by the Soviet authorities to Ukraine.

Due to the restructuring process that started in the Central and Eastern Europe, in June 1990 Moldova proclaimed its sovereignty, and on the 27th of August, 1991 – its State Independence. On the 2nd of March, 1992, the Republic of Moldova became a member of the United Nations.

Geography

Geographic coordinates: 45°28' - 48°28' N, 26°40' - 30°06' E



Area:

Total: 33 843 sq. km

land: 33 371 sq. km

water: 472 sq. km (main rivers: Danube, Nistru, Prut, Raut; main lakes: Beleu, Bic, and Dracele)

Population: 4 264 300 inh. (126,2 inh. /1 sq. Km)

Land boundaries:

Total: 1 389 km

border countries: Romania 450 km, Ukraine 939 km

Coastline: 200 m at the south extreme point (Giurgiulesti) with the delta of the Danube River

Extreme points:

lowest point: Nistru River -2 m

highest point: dealul Balanesti +430 m

North point: Naslavcea

South point: Giurgiulesti

West point: Criva

East point: Palanca

Main cities: Chisinau, Balti, Tighina (Bender), Tiraspol

Climate: moderate winters (in January -4 -7 °C), warm summers (in July +25 +28 °C)

Terrain: Hilly steppes in the north & centre (Codru), plain in the south (Bugeac Plain)

Natural resources: lignite, phosphorites, gypsum, arable land

Flora: 2300 species of wild plants (oak, beech, maple, linden)

Fauna: 68 species of mammals (fox, roe buck, deer, wild boar),
270 species of birds and more than 10 thousand species of invertebrates

Government

“The State of the Republic of Moldova:

(1)The Republic of Moldova is a sovereign, independent, unitary and indivisible state.

(2)The form of government of the State is the republic.

(3)Governed by the rule of law, the Republic of Moldova is a democratic State...”

THE CONSTITUTION OF THE REPUBLIC OF MOLDOVA Adopted on the 29th of July 1994

The President of the Republic of Moldova - VLADIMIR VORONIN - is the head of the State and is elected by Parliament by secret suffrage.

The Parliament is the supreme representative body of the people and the sole legislative authority of the State in the Republic of Moldova. Parliament consists of 101 members.

National Symbols



Economy

The Republic of Moldova faces a period of transition to a market economy. The reforms promoted for the last years have determined the achievement of some positive results, such as: the creation of a bi-sectoral economy, the private sector having an impact of over 60% to GDP; prices liberalisation; creation of structures for a viable market.

The undertaken economic reforms in Moldova enjoy the support of International economic-financial organisations. Since 1992, when Moldova adhered to IMF, WB and EBRD, it has benefited from a range of investments from International financial bodies and some countries, such as Romania, Russia, USA, Germany, Japan, and others.

The Republic of Moldova is an industrial-agricultural country. The share of agriculture and industry in real GDP constitutes 51 %, which accounted Lei 15,980 million in 2000. About 50,8 % of the country's active population are involved in agriculture. The main crops are cereals, the sugar beet, the sunflower, tobacco, vineyards, fruits and vegetables. The agro-food industry represents about 60 % of export value.

The industry is specially concentrated on processing the raw agricultural material, and is also represented by light, chemical, machine building industry, wood processing.

The main products imported by Moldova are the natural gas, petrol products, transport means, and equipment. The most part of energetic resources is also imported.

The evolution of macro-economic indicators during the last 6 years is as follows:

	1995	1996	1997	1998	1999	2000,
Nominal GDP, Lei million	6479,7	7797,6	8917,0	9122,1	12321,6	15980,0
Real GDP, year-on-year % change	-1,4	-5,9	1,6	-6,5	-3,4	1,9
Share of industry in GDP, %	24,97	23,06	20,22	16,68	17	17,5
Share of agriculture in GDP, %	29,27	27,48	25,96	25,76	24,9	24,5
Export (FOB), mil.USD	739,0	822,9	889,6	643,6	469,3	475,0
Import (FOB), mil.USD	809,2	1075,0	1237,6	1031,7	597,3	773,0
Average exchange rate (Lei/USD)	4,49	4,59	4,63	5,38	10,51	12,43
Exchange rate, end of period (Lei/USD)	4,5	4,65	4,66	8,32	11,59	12,38

Source: MET

Capital

Chisinau is the capital of the Republic of Moldova, is a significant administrative, political, economic, scientific, cultural and tourist centre of the Republic of Moldova. The first historic record of the name Chisinau goes back to July, 17, 1436. The name derives from a word meaning “spring, pump, pipe”.

The city is located on seven hills and stretches over 120 km². The population of Chisinau is over 752 thousand. The City is divided into 5 sectors: Centre, Buiucani, Botanica, Riscani and Ciocana. The Greater Chisinau area comprises 18 territorial administrative areas:

1 municipality, 6 towns, 8 communities and 3 villages. The local administrative state body is the City Hall of Chisinau.

Population

The Republic of Moldova has a population of 4,2643 million and is one of the most densely populated European countries (126,2 persons per square kilometre).

Moldova is populated by different ethnic groups. A breakdown of major ethnic groups is as follows: Moldavians – 64,5%, Ukrainians - 13,8 %, Russians – 13 %, others (Gagauzians, Bulgarians, Jews, Byelorussians, Germans, etc.).

A high ratio of the population lives in the rural area. The urban population represents 45 %. The major cities of Moldova include the capital city, Chisinau (over 700,000 people); Tiraspol (200,000); Balti (160,000); Tighina (140,000).

Languages

According to the constitution of the Republic of Moldova, the state language in Moldova is Romanian, functioning on the Latin alphabet basis.

Russian along with Moldavian is used as a communication language among different nations. The most frequent spoken foreign languages are English, French, German and Italian.

In order to meet the national-cultural needs of ethnic groups inhabiting the territory of Moldova, the functioning of other languages, such as Ukrainian, Russian, Bulgarian, Jewish, Gypsy, etc. is guaranteed.

Religion

The Republic of Moldova mainly comprises representatives of two worldwide religions: Christianity and Judaism. The first represented by about 1800 communities, the latter by 7 communities. The majority adheres to the Russian Orthodox Church, which incorporates almost 95% of orthodox Christians out of the entire population of the country. They dispose of 1034 churches, 36 monasteries and 7 hermitages with approximately 5000 priests, deacons, curates, etc.

The Constitution of the Republic of Moldova guarantees the religious freedom of its citizens (art. 31).

Currency

The national currency, the Moldovan Leu, was introduced on the 29th of November 1993.

Official Holidays

January 1 - **New Year**;

January 7 and 8 - **Christmas**;

March 8 - **International Women's Day**;

Easter (Sunday and Monday) according to Orthodox Church calendar;

Memorial Day - Sunday after Easter;

May 1 - **International Labour Day**;

May 9 - **Victory Day (WW II)**;

August 27 - **Independence Day**;

August 31 - **Limba Noastra (Our Language Day)**;

October 13 and 14 - **National Day of Wine and Wine Festival**

Business hours

Business hours of state institutions and companies are usually from 8.00 till 17.00 from Monday till Friday. Some banks are open on Saturdays and many exchanges are open on Sundays too. Grocery stores usually open seven-days a week.

National Tourism Agency

Address: Off. 901, 180, Stefan cel Mare blvd., Chisinau, MD-2004,
Republic of Moldova

Tel/Fax: + 373 (2) 21 07 74

2.1 Business concept of the company

2.1.1 Current situation

SERINA is a travel agency that is scheduled to begin operations on the 2ND of January, 2005. SERINA will be a limited liability company, owned and operated by Mrs. Ina Thompson in the capital of Moldova - Chişinău.

At this time company is seeking additional equity capital to compliment its own equity investment in order to start-up the business.

2.1.2 Management

Since the company is a small-size enterprise, management team is composed of Mrs. Ina V. Thompson, who has already finished Academy of Economic Studies of Moldova on the speciality “Commerce, Tourism and Hotel Services”, and in present time is defending her master’s diploma at the University of Piraeus (Athens, Greece) on the theme “Business plan of a travel agency organizing trips from Moldova to Greece”.

Other key personnel include Mrs. Laura T. Sili, who has experience in customer service and bookkeeping, and Mr. Radu T. Butescu, who is skilled in jurisprudence.

We are very ambitious young people, who have intentions to dedicate our fresh, full of energy minds to our business.

2.1.3 Services

SERINA will provide Moldavian market with professional tourist services to one of the most rich, interesting and attractive destinations in the world - Greece, offering full range of standard services such as transportation, lodging, guiding, consultation, etc. as a package or separately. Initially, company will organize excursions only to Athens - capital of Greece, but towards the end of year 2005 we are going to develop new lines of destinations to Greece, and further we plan to extend our business to other countries of Mediterranean.

2.1.4 Crucial success factors

The success of our company will be largely a result of new, superior services, extra attention to detail throughout our operation, commitment by staff to the planning process and the final results. In particular, what really sets us apart from other travel agencies is that we are only going to sell Greece as a tourist destination. This will allow us to be the monopolists on the market.

2.2 Key objectives of the company

2.2.1 Vision

SERINA is dedicated to providing qualitative travel services to middle and high-class customers. Our vision of what our company will become in the future is to develop such a strong relationship with customers, that they will view us as the only provider of high quality services for worthy price on the tourist market. We will work closely with each customer, making sure he receives maximum satisfaction from the service. Also, we will choose carefully our suppliers. We will constantly search for improving quality and performance in order to deliver the best services.

2.2.2 Mission

Our mission is to become the leader on the tourist market by providing our customers with high quality services that help them become happier.

2.2.3 Objectives, goals, targets

Our main objectives for the next 5 years are to:

- Obtain \$ 300 000 in annual sales with 15 employees;
- Have offices in the main Moldavian towns - Chişinău, Bălţi, Cahul, and Tighina;
- Offer a wide range of tourist services for the countries of Mediterranean;
- Gain the monopolistic position on the market for Mediterranean.

Our primary goals over the next 3 years are to:

- Increase revenues by 12%;
- Reach sales level of \$ 220 000 at current prices;
- Expand line of tourist services for the Greece, including ski touring
- Establish a reputation of the best quality services provider, and a trustful travel agency;
- Keep the leading position on the market.

Our major targets within one year are to:

- Receive a bank loan of \$ 15 000 to cover the start up costs and initial operating costs;
- Achieve a net profit of \$ 17 000 by developing a strong client base and keeping overhead costs to a minimum;
- Add new destinations to Greece;
- Provide the best quality services on the market;
- Be the leader on the tourist market for Greece.

To achieve stated goals and targets, company will adopt expansionary sales strategies - extend sales regions, increase sales to existent customers, appoint extra personnel.

3.0 Company Overview

3.1 Company history

SERINA is a travel agency that plans to begin its activity on the 2nd of January, 2005. Primarily, the agency will be specialized on tours to Greece, particularly, to Greek capital - Athens.

Mrs. Ina V. Thompson is the President of the company. SERINA needs 5 employees to fill up the positions required.

In the future SERINA plans to diversify the business and extend the length of the operation schedule by adding new destinations to Greece, including ski touring activities; and also wide range of tourist services for the countries of Mediterranean.

Operation hours of the agency are expected to be from 8:00 a.m. to 6:00 p.m. from Monday to Friday, and from 9:00 a.m. to 15:00 p.m. on Saturdays all the year round.

There is unsatisfied demand for Greece in Moldova, which is increasing constantly. There is no travel agency on Moldavian tourist market, which deals exclusively with Greece, or, at least, truly represents this country. This is due to many factors, such as absence of Greek embassy in Moldova (future travellers apply for Greek visa in Ukraine), bad fame of Moldavians in Greece and so forth. We feel that the company can meet the needs of our potential customers. Mrs. Ina Thompson is going to be the first specialist in tourist services for Greece in Moldova, and her skills will be directed to satisfy needs of Moldavians for this country, which is an extremely attractive tourist destination.

SERINA intends to concentrate its forces on the target group of middle and high-class tourists.

3.2 Legal structure of the enterprise

SERINA is a Limited Liability Company that will be run and managed by Mrs. Ina Thompson, who is also the owner of the company. Along with Mrs. Thompson, who owns 50% of the shares, company's stocks are divided between Mrs. Laura T. Sili, and Mr. Radu T. Butescu. Each owns 25% of the shares of the company.

3.3 Location of the enterprise

SERINA is currently renting an office in the center of Chişinău, at 100, Negruzzi Boulevard for \$ 600/month. The area is very good and safe in comparison with other districts of Chişinău. Company was lucky to get the office it desires. Total area of the office is 90 m². It is equipped with appropriate office furniture, and hardware, such as 3 computers, fax machine, photocopier, scanner, till machine, etc.

3.4 The managerial team

The agency will be managed by the founder Mrs. Ina Thompson, who had already finished Academy of Economic Studies of Moldova on the speciality “Commerce, Tourism and Hotel Services”, and in present time is defending her master’s diploma at the University of Piraeus (Athens, Greece) on the theme “Business plan of a travel agency organizing trips from Moldova to Greece”. Her background in tourism includes four years living and travelling in Greece, lifetime as an amateur tourist, and participation in various adventure events in Moldova. The absence of experience as such (we do not take into account training) will be compensated with desire to work and achieve stated objectives along with young spirit and energy. She will handle sales function as well.

Other key personnel include Laura Sili, and Radu Butescu. Both are very valuable assets for the company because of their experience and education. Mrs. Sili will be responsible for the bookkeeping and customer service; and Mr. Butescu will be responsible for juridical aspect of the business and marketing. Both are currently employed in town council (Chişinău). Both individuals are prepared to resign their present positions and make a full time commitment to SERINA when the company will open its doors.

Business decisions will be made jointly. Initially, everybody will be involved in daily work, and we will cover each others’ departments.

In order to augment our skills, we have enlisted the help of Mr. Tudor A. Butescu on a part-time basis (lawyer with experience, in tourist domain as well).

The company is prepared to work for modest compensation until the first signs of financial stability have been developed. Thus, salaries will be \$ 200/month for the management group for the first years to enable the business to pay off start-up costs. In prospect we plan to raise the wages according to the company's profits.

Detailed resume of the manager is available in the Appendix.

3.5 Staff

The company requires 5 full-time employees to run the operation; besides the said personalities, company engages a driver and a guide. SERINA is a small agency and its employees will share its duties and decision making. It will be important for each employee to be capable in all aspects of the business.

The team is healthy and energetic. We believe our energies complement each other and will help us make SERINA a successful business. In particular, Mrs. Thompson has knowledge in tourism business while Mrs. Sili and Mr. Butescu have strong position in the society and perfect public relations.

No additional personnel will be hired at SERINA for at least 12 months, unless business grows more rapidly than we forecast. Any staff required this period will be hired on a subcontract basis in order to keep labour costs low. The company will place advertisement in newspapers about job vacancy when needed. There is certainly a shortage of specialists in tourism in Moldova, thus we anticipate problems in hiring qualified staff. We expect that every new destination will require at least 1 guide and a driver.

Salaries will be \$ 150/month for support staff. No benefits will be anticipated during this time. In prospect we plan to raise the wages according to company's profits; and a compensation system will be adopted later, which will be common decision of the staff.

3.6 Organizational structure

The organizational structure is very simple. Mrs. Sili and Mr. Butescu will report to Mrs. Thompson. Any support staff will report to Mrs. Sili. Because Mrs. Thompson will go on trips sometime, Mrs. Sili will be able to continue day-to-day activities. However, when Mrs. Thompson is absent she will be in constant touch by computer or phone.

3.7 Strategic alliances

As the business expands, strategic alliances may be formed with other companies, but at the present this idea is not considered.

4.0 Industry and Market Analysis

4.1 Industry overview

4.1.1 Description of the industry participants

As of 2003, there were 250 tour operators in RM running their businesses with license. Only 14 of them are outbound oriented. They represent just 5,6 % of the total number. These companies offer 24 countries, including Russia, adjoining Romania and Ukraine. The most popular destinations at the moment are Romania, Ukraine, Germany and Italy.

Revenues from leisure travel, part of which our company is, earned by Moldavian travel agencies, grow every year with huge rates: 79,5 % in 2000/1999, 32,38 % in 2001/2000, and 62,6 % in 2002/2001.

Total number of employees engaged in travel industry in Moldova in 2002 was 1972 people, which is 68 people more than in 2001. All the agencies are small sized companies, with less than 20 people employed.

The biggest travel agencies have developed their own market niches and tend to become well known and recognized for their services in a specific area, although there are some overlaps in the range of services provided. Greece is offered by only one travel agency - Trapeza Tour. This established company is the only direct competitor of SERINA. Several years ago Trapeza Tour has decided to emphasize its activity on Greece, and still occupies this niche on the tourist market. But the monopolistic position of the agency turned off its attention from the customers' needs. Trapeza Tour doesn't offer even standard services, such as visa assistance, and information.

4.1.2 Current size of the industry

The Moldovan Travel Industry grossed 98,5857 mln. Lei (\$ 7,58 mln.) in revenues in 2002, which is 62,6 % higher than in 2001. Of this, 74,550 mln. Lei (\$ 5,73 mln.) account for international tourist activity. According to Moldavian Statistical Department, total number of travellers, going abroad in 2002, reached 51 577 people, or 70,4% more than in 2001.

4.1.3 Industry outlook and growth potential

For many years Moldavian tourist market was represented mostly by people over 30-35, but lately there has been noticed that tourist market tends to “look younger” and wealthier. Independence of Moldova brought many opportunities to accomplish very ambitious goals. Young people took this chance and made fortunes; now, they represent quite big group in society. They prefer to spend vacations abroad, outside Community of Independent States.

Every year few new travel companies start operating, and some are failed due to several reasons: poor management and government support, absence of basic skills and knowledge in tourism, etc. Nether the less, revenues in travel industry grow each year. This trend is projected to continue for the next years as well.

Although economic conditions in the country remain very unfavourable, travel market is growing, and will do so in the future.

4.2 Service

4.2.1 Description of service

SERINA plans to begin its activity on the 2nd of January, 2005. Our underlying philosophy in selecting tourist product has been to choose lines that will bring excitement, surprise and satisfaction to customers. Our goal is to provide a unique tourist product at reasonable prices on the Moldavian market. And we found this tourist product to be trips to Greece. Market analysis and, of course, personal experience and skills played considerable role in choosing this destination.

Trips to Greece don't represent original idea for Moldavian market; years ago, being member of USSR, Moldavian citizens successfully travelled to this extraordinary country, but since then political and economic situation has been changed considerably, and outgoing Moldavian tourism was really lacking of sunny Greek coast with Mediterranean kitchen.

The company's main business will be pre-packaged tours; these include transportation, accommodation, guide services. In addition, seeing an opportunity to offer complementary services, SERINA will recommend apart from the above, assistance with passports, car rentals, entertainment, tourist information, consultation, and advice. These are an integral part of the business, but are available secondary to pre-packaged tour products. It will allow our business to expand the revenue base by

capturing a big part of demand for destination Greece. The market we plan to develop, offers excursions for 10 days.

4.2.2 Key features of service

SERINA will be targeting middle and high-income level customers. While other tourist companies offer illegal ways of visiting Greece, and what is more important FOR NON-TOURIST REASONS, we will offer an authorized way to see the beauty of Peninsula. SERINA will promote Greece as a “Gem of Mediterranean”.

During the tour we will offer extremely interesting program, which includes visiting not only sites of Athens, but also island Evia, historical places of Delphi and Olympia. At the same time a shopping program will be offered, which is very important, because Moldavians desire to buy Greek furs and gold.

Company plans to make lodging reservations in different categories of hotels, ranging from 3* to 5*.

The tour prices are designed considering relatively low standards of living of Moldavians, thus making them accessible to a wider range of customers.

Tour guides have knowledge in Greek language and history; therefore cater to a specific demand, making the route more fascinating and comfortable as required.

4.2.3 Future services

Company will constantly expand its services considering market trends and changing client needs. We have already drawn out future Greek destinations. For example, next year we plan to open a new line of excursions to Rhodes Island. 3 months after this, the company plans to offer Crete and Thessalonica.

SERINA will concentrate its activity on these 4 destinations next couple of years.

We also plan to get feedback from our customers on changes that should be made in order to offer maximum satisfaction to future customers. For this reason a special questionnaire will be adopted, and an Internet website with a "chat room" will be created.

4.3 Market analysis

4.3.1 Market description

SERINA plans to focus its initial efforts on Moldavian travel market, targeting Greece. This market has a total population of over 100 000 people and potential of over 250 000 people.

SERINA's main goal is to provide a unique tourist product at competitive prices to the middle and high-income class customers in Moldova. In order to win a market share and achieve company's purposes, customers will be attracted by:

- Absolutely popular and required destination;
- Range of services offered, and their quality;
- Wise advertising campaign;
- In prospect, by word-of mouth advertising from our current customers' base.

These features make target markets quite easily acceptable. A very strong argument for SERINA will be especially our concern about passport assistance, which is very important for Moldavians, who need to travel outside the country for this sake. No travel agency in Moldova deals with visas. Another argument will be profound knowledge of Greece, which gives us advantage of our competitor Trapeza Tour. Education in tourism will definitely have its effect on the service quality, which is a scourge of current agencies lacking specialists in tourism.

4.3.2 Target market

SERINA will focus its activity on the sale and promotion of travel to Greece primarily to individuals, not groups, because the majority of Moldavian citizens are not able to spend thousands dollars on vacations, and we hardly believe that there will be demand for groups. But we do not exclude this possibility, which may occur as a social event, financed by government institution, etc.

Company's target customers belong to the middle and high-income class customers, whose average household income overpasses \$ 6 000 annually. These people are looking for vacations abroad, and are willing to try new destinations.

This way we identify our primary target market, which will be represented by wealthy Moldavians, usually businessmen and politics, who can afford to spend vacations abroad at least once a year; and the

secondary target market, which will be represented by middle-income class, who plan vacations abroad once in a few years.

We expect to see between our customers people of all the age categories, but our primary group is likely to be couples, both married and unmarried, age group 20-50.

The interest in adventure activities such as winter sports, skiing, and so on is not so big, because Moldavians see pretty cold winters, thus when time comes they wish to get as much warmth as possible. Also Republic doesn't border to any sea and the idea of spending vacations on seashores, swimming and baking in the sun has become a cult.

The potential customers are mainly urban citizens from towns: Chişinău, Bălţi, Tighina, Soroca, and Orhei.

Moldavians are not adherents of active tourism, because they work pretty hard all year. Our target group wants to spend holidays on the beach in order to get a natural suntan, and to swim; and also on shopping furs and gold. They have some knowledge about Greece and will not be very persistent about the destination. In this case our company will act as an advisor, earning confidence of the customers.

While identifying needs of the target group, seasonal trends may be seen clearly, especially in the secondary target market. The desire to swim and to bake will shift the demand to June-September, but the recompense will appear through cultural wants and shopping activities during the rest of the year. We assume that low season for the company will be October-November, and March-May. Once we introduce new Greek destinations, these shifts might be less visible.

4.3.3 Market research - profile of the customer

To fully understand our target market we have collected information from various sources. We talked to Moldavian tour operators, National Travel Agency, and the Chamber of Commerce of Moldova about available market research reports; and we also interviewed our direct competitor - Trapeza Tour. We questioned customers of Moldavian travel agencies to reveal their level of satisfaction. Mrs. Ina Thompson personally took a chance of travelling with Trapeza Tour to Greece in order to examine the quality of services provided by the competitor. In addition, we have studied Moldavian economic newspaper "Economic Review", articles in

other national newspapers covering Moldavian travel industry; and collected information from the National Department of Statistics.

All the information was processed and the following conclusions were drawn.

Our potential customers prefer 7-10 days trips. Although there is a small group of wealthier people willing to travel only 3-4 days. People would like to surround themselves with comfort. Preferences in lodging were given to 3*-5* hotels. Flights are the main choice over any other means of transport. Presence of guides-interpreters is a necessity. Travel agency is assumed to give valuable advice, inspire confidence, and appear to be competent about destinations. Staff is expected to be polite and knowledgeable.

4.3.4 Competitive strategy and competition analysis

Based on a differentiated service approach, our competitive strategy places a premium on quality and enthusiasm. It provides customers with required services. For market positioning, our efforts will focus on Greece. Our sole competitor offers low quality tours with limited services to customers. Introducing a new service - passport assistance - though raises the price, creates a required niche on the tourist market.

There is only one travel agency on the Moldavian travel market competing directly with SERINA. It is Trapeza Tour, which operates over 10 years. Agency is one of the biggest on Moldavian tourist market. One of the weakest points of the company is unqualified staff; this is, basically, common flaw of all the travel agencies in Moldova. More over, travel agencies refuse to hire tourist specialists, relying only on personal contacts. Another disadvantage concerns indifferent attitude towards customers and low level of quality. One of the strongest points is an established financial base.

At present Trapeza Tour offers 5 countries as destinations, which are Cyprus, Greece, Malta, Russia (cruise), and Turkey. All these countries, except Russia, are segments of one big market with common characteristics - Mediterranean. Greece is represented by 4 towns (Athens, Kastoria, Loutraki, and Thessalonica) and 3 tours (Ancient Greece, Classical Greece, and Complex Alexander the Great).

About 14 travel agencies offer services similar to SERINA. They are indirect competitors, selling such destinations as Italy, Spain, Portugal, Cyprus and Turkey, which is the most popular among the mentioned. In general, these companies have alike drawbacks as Trapeza Tour.

The SWOT analysis for the Trapeza Tour follows.

Strengths of the company:

- *Market advantage.* The company possesses the monopolistic position on the market for Greece;
- *Experience.* 10 years activity on the market, customers' awareness of the company;
- *Financial strength.*

Weaknesses of the company:

- *Inefficiency and unwillingness to satisfy customers' needs.* No market researches were made on customer profile and customer buying decisions;
- *Absence of customers' loyalty;* agency's bad name;
- *Lack of skilled staff;*
- *Poor informational systems for customers.*

Threats of the company:

- *Possibility of new entrants on the market.*

Analysing SWOT of the company we estimate that it will take us couple of months to take our niche; towards the end of the year, we assume to earn 60-65% of the marketplace for Greece.

We also offer SWOT analysis for SERINA.

Strengths of the company:

- *Ambition to satisfy customer needs;*
- *Appropriate education and training of staff;*
- *New service - passport assistance;*
- *Personal experience in travelling inside Greece;*
- *Strong family and friends support, even financially.*

Weaknesses of the company:

- *High prices;*
- *Lack of experience as such in tourist business;*
- *Seasonal fluctuations.*

Opportunities of the company:

- *Availability of the market;*
- *Desire to go further.* Introduction of new destinations;
- *Creation of more steady demand.*

Threats of the company:

- *Unstable economic situation in Moldova;*
- *Poor tourist legislation;*
- *Constant emergence of new travel agencies;*
- *Possibility of substitution of Greece by other countries with similar features (Mediterranean).*

SERINA intends to build a reputation for good service and value. We think that we have very good basis for being leaders on the market. Although our target market is quite small, we expect to see slow but steady growth in the near future.

4.3.5 Confidentiality and Recognition of Risks

Confidentiality Clause

The information included in this business plan is strictly confidential and is supplied on the understanding that it will not be disclosed to third parties without the written consent of Mrs. Ina Thompson.

Recognition of Risk

This business plan represents management's best estimate of the future potential of the company.

It should be recognized that not all of major risks can be predicted or avoided and few business plans are free of errors of omission or commission.

Therefore, investors should be aware that this business has inherent risks that should be evaluated prior to any investment.

Because SERINA intends to enter a monopolistic market, we must be ready to anticipate prompt reaction from our larger and established competitor. Although Trapeza Tour disposes of a wider range of destinations, it is known on the market as a Greece-targeted travel agency. We don't expect our competitor to lower its prices, because our prices are initially higher, and we are targeting a specific group; we also

don't think Trapeza Tour will start offering additional services, like passport assistance; otherwise they have to change the prices. Trapeza Tour can't compete with us in skills, professional knowledge. The most efficient way for our competitor to intervene into our market penetration is to start a new very intense publicity campaign. Trapeza Tour can allocate big financial resources on this campaign, relying on their experience on the market. SERINA can respond only with new qualitative approach.

Greece is a quite risky destination for Moldavian tourist market due to few reasons: absence of specialists in tourism in Republic; lack of knowledge about the destination, etc. Thus, new entrants to the market for Greece will face the same, or even more problems, than SERINA.

In order to mitigate competition by similar destinations, like countries of Mediterranean, we plan to advertise Greece as a "Gem of Mediterranean", a "Cradle of European Civilization", a different country anybody can discover for himself.

No critical external factors, like strikes and recessions can change substantially demand for our services, because our primary target group is represented by quite wealthy people, whose capital can afford negative influence of economic or political factors.

The managerial team had come to an agreement not to create any possible internal turbulence for at least 12 months, vice versa, be patient and helpful.

All suppliers with whom SERINA will deal will be professionals with accomplished backgrounds. If suppliers fail, at any time, to meet our rigid standards of quality, they will not be used again.

A major risk is professional liability or the risk of being sued by a customer. We will try to operate in a professional manner, minimizing the risk of a lawsuit.

Very important issue is the seasonality of our services. We will try to reduce it by promoting other attractions in Greece as well, like furs and gold, all year round baths.

We also intent to keep high standards of all the services we will offer, and this will be our competitive advantage comparing to other travel agencies.

4.3.6 Regulatory Issues

Trademarks, copyrights, or patents are not applicable to our business. The only licence required to operate as a travel agency is a business licence. The travel industry is not regulated; however Moldavian Government is working towards developing minimum industry standards.

We follow standard safety guidelines to ensure our customers are not put at unnecessary risk. Our staff possesses all the necessary skills and certificates proving so.

5.0 Marketing Plan

5.1 Marketing Strategy

Our differentiation focus strategy is based on providing superior customer service, especially because we want to develop close relationships with our customers.

We will integrate all of our marketing and sales efforts to project a consistent image of our company and a consistent positioning of our products or services. We will build this image around our name.

SERINA will focus on Moldavian market on a very limited segment.

We intend to position our business not just as a distributor of services, but as a partner bringing a high quality service to the customers, which is value, advise, and service as such. By doing this we expect to develop a strong loyalty among our customers.

5.2 Pricing Strategy

Our fees will be based at the upper edge of what the market can bear, which fits with positioning of SERINA as a high-quality service provider to a special target group.

Total prices for tours will start at \$ 850, which include round trip air ticket, medical insurance, 6-9 nights in a 3* hotel. This price includes 11% net profit for the company.

Any lodging or flight improvements will be charged additionally. Besides the services included in total price of a tour we also offer for an extra fee one-day excursions organized by Greek travel agencies.

The SERINA's reduction policy will be in exact conformity with the corresponding policies of supplying companies, such as air companies, insurance companies, lodging units.

5.3 Distribution Strategy

The main distribution pattern is direct selling to customers. Customers will also be offered possibility to book with us through a telephone line and a website. The company cannot afford developing of other distribution channels at this stage of lifecycle due to the low budget; but

in future, with the expansion of the agency, hybrid distribution will be considered.

5.4 Sales Strategy

The sales program for the first year will focus on developing SERINA's market place. The initial sales efforts will concentrate on the primary target group.

Our sales objectives will be as follows:

Objective – to achieve \$ 300 000 in annual sales with 15 employees;

Goal - to reach a sales level of \$ 220 000 at current prices by the end of the 3rd year of operation;

Targets - receive a bank loan of \$ 15 000 to cover the start up costs and initial operating costs;
- achieve a net profit of \$ 17 000 by developing a strong client base and keeping overhead costs to a minimum.

The 5-year sales forecast follows below. Additional sales can be anticipated with increased market penetration and product recognition.

	Sales \$	Net Profit \$
Year 1	150 000	15 000
Year 2	180 000	19 500
Year 3	220 000	25 000
Year 4	260 000	30 000
Year 5	300 000	35 000

5.5 Promotion Strategy

SERINA is planning to use few tools to implement a communication strategy.

A simple but effective advertising campaign will be implemented to support sales efforts. The objective of our advertising will be to make potential customers aware of the existence of our travel agency.

Agency will be using following promotional tools to reach its target market:

1. We will have a small advertising budget, devoted exclusively to economic publications. Advertising will consist of weekly advertisements in publications such as Economic Review and Makler newspapers. 1/8 page in size advertisements will be placed in these publications with a large circulation to the business groups we are targeting. We also will market our services by placing an ad in Moldavian Yellow Pages.

The company will be on a limited budget; therefore it is unjustified at present to spend our financial resources on TV and radio advertisements. Furthermore, the company will reach its target group more likely through special prints than through big advertising campaigns, comprehending large circles, but directed to much smaller audience.

2. We will develop a promotional website that displays our services and provides other information. Registration on all the major search engines with appropriate search terms is essential.

3. The company plans to participate in Annual Tourist Exhibition in Chişinău in February, which is becoming very popular.

4. SERINA will develop a brochure, identifying its services. A direct mail campaign will be undertaken in the future, targeting “past customers” and an appropriately segmented list of prospective customers, like associations and key business leaders, as well as museums, tourist info centers, and enquiring customers.

5. SERINA will join Moldavian business associations in order to maintain contacts in business community as well as to stay well informed about the issues that are important to the business.

6. It would be very beneficial for the business to be included in travel guides. The agency will be referred on the Internet site of the National Department of Tourism.

7. Mrs. Ina Thompson will write our press releases and maintain relationships with editors.

Business plan of a travel agency organizing trips from Moldova to Greece

The design for our marketing materials will be done by the managerial team of the company.

As business grows, we, probably, revise and expand our advertising campaign. One of the ideas is to sponsor some events and offer as a prize our services.

6.0 Financial Plan

6.1 Important Assumptions

We will maintain a conservative financial strategy, based on developing capital for future growth. We estimate that SERINA will anticipate slow growth the first six months of operation. This is due to company's status as a start-up business and the specific area of operation. The agency has sufficient cash to endure the negative cash flow situation that it may encounter initially. Gross margin is calculated to be 40%. Thus, the overall financial plan presents a conservative but realistic depiction of company's financial position.

The company assumes the following:

- Market projections for the travel industry from National Travel Agency are accurate;
- Moldavian travel market, which is deregulated, will not suffer significant impact of government policy, and national conditions will remain the same;
- International conditions will remain favourable for travel industry.

6.2 Income Analysis

Sales projections for the year 2005 total \$ 158 000 (Appendix, Table 1). Projections for the next two years (Appendix, Table 2, and Table 3) show a steady growth, resulting in \$ 181 700 and \$ 199 871 respectively. Direct cost of sales averages 60%, leaving a gross margin of 40%. Roughly 1/3 of this direct cost goes on the wages, and the other third goes on rent and advertising, which is higher than industry average figure, but is quite logical for our start-up company. This makes expenses relatively high. SERINA will try to avoid any kind of unnecessary expenses to diminish the costs, even the second year of operation, when financial improvement is more obvious.

Net profit is projected to be \$ 17 720 the first year, \$ 21 598 the second, and \$ 26 226 the third year of operation. This increase is due to rise in sales and better allocation of financial resources. Depreciation is not applicable to our company, because we used our own resources to furnish the office with all the necessary equipment, hardware and furniture. Taxes are calculated at 20 % of profit before taxes.

SERINA does not expect to make much money for the first few years. Even if there were no debt at all, net profit would have been about 11% of sales.

6.3 Cash-flow Projections

With the investment of \$ 15 000, SERINA will generate positive cash flow from the first month of operation (Appendix, Table 4). It will ensure that our company will not need any additional operating loans during the first twelve months to maintain a positive monthly cash balance.

Net cash flow the first year accounts for \$ 52 060, and next two years the amount grows gradually up to \$ 61 947 and \$ 68 909 respectively (Appendix, Table 5, and Table 6).

6.4 Pro-forma Balance-Sheet

The starting balance reflects \$ 15 000 cash, contributed to the business by the staff. Acquisition of some necessary equipment is reflected as long-term assets uniformly through the year (Appendix, Table 7). But the company will try to survive with the existent gear next two years as well (Appendix, Table 8, and Table 9), and will consider refurbishment and modernization after three years of operation.

Net worth of the company increases from \$ 11 232 to \$ 15 726 by the end of the third year, showing relatively big growth for such a small company as SERINA is.

With no loans payable in, the cash position and the amount of retained earnings will increase each year. All liabilities will be paid as they are due.

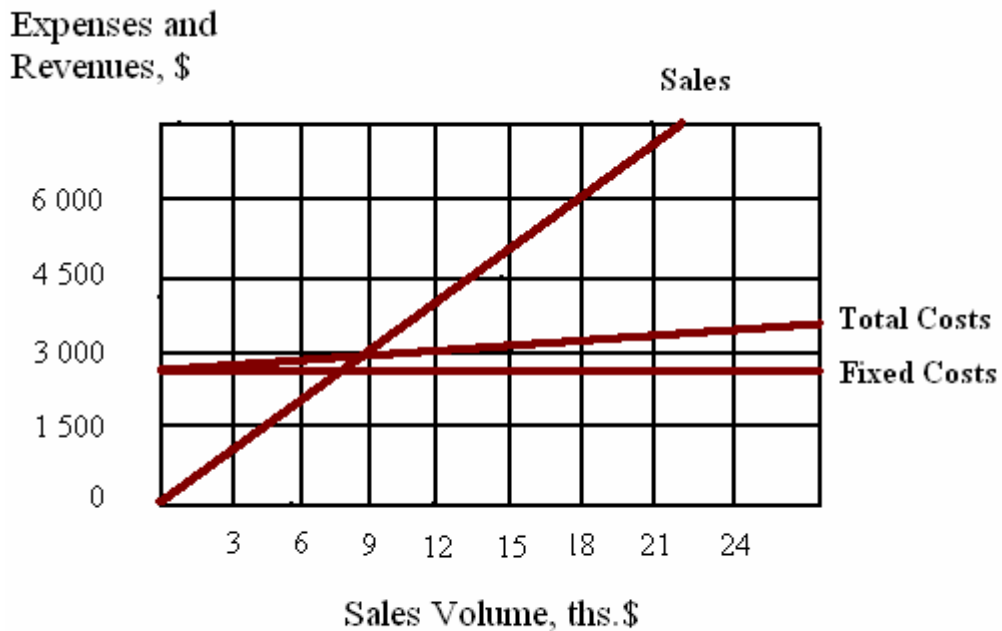
6.5 Financial Ratios Analysis

We have compared our ratios to average figures in travel industry in Moldova. SERINA's gross margin of 40% is low with respect to the industry average (Appendix, Table 10). The liquidity of the company may be viewed as positive, as we will deal mostly with cash, thus inventories are not available. Debt to net worth is relatively high, although SERINA has no loans. It is due to cash, company is operating with, and amounts due to be paid. Return on assets shows small rise from 3.6% in 2005 to 4.27% in 2007 as the company become well-known on the market and new destinations are added. An improvement in earning power is a result of increase in both turnover and profit margin. All other ratios are at or near industry standards for small travel agencies in Moldova.

6.6 Break-even Point Analysis

Break-even calculations assume 40% gross margin. Monthly fixed costs are estimated to be \$ 2 700.

The following graph details company's break-even analysis. It demonstrate the volume of sales in \$ that must be generated to cover fixed and variable expenses. Break-even point is found to be at sales level \$ 7 100, and costs level of \$ 2 870; at this critical to the company point SERINA starts generating profit. Sales volume of \$ 7 100 corresponds to 8.4 pre-packaged tours.



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APPENDIX

Table 1 Income for the Year 2005 (monthly projections)

Sales	8000	9000	7000	12000	9500	11000	22000	24500	19000	11000	11500	13500	158000
Direct cost of sales	4800	5400	4200	7200	5700	6600	13200	14700	11400	6600	6900	8100	94800
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total cost of sales	4800	5400	4200	7200	5700	6600	13200	14700	11400	6600	6900	8100	94800
GROSS PROFIT	3200	3600	2800	4800	3800	4400	8800	9800	7600	4400	4600	5400	63200
Travel	200	300	150	600	600	800	1000	1000	1000	800	800	800	8050
Miscellaneous	30	35	40	80	75	85	120	130	110	70	70	85	930
Advertising	800	800	800	800	800	800	800	800	800	800	800	800	9600
Total Payroll Expense	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	13800
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
Leased Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	120	120	120	120	120	120	120	120	120	120	120	120	1440
Rent	600	600	600	600	600	600	600	600	600	600	600	600	7200
Consultants	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	2900	3005	2860	3350	3345	3555	3790	3800	3780	3540	3540	3555	41020
PROFIT BEFORE INTEREST AND TAXES	300	595	-60	1450	455	845	5010	6000	3820	860	1060	1845	22180
Interest Expense Short-term	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense Long-term	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxes Incurred	60	119	0	290	91	169	1002	1200	764	172	212	369	4436
Extraordinary Items	0	0	0	0	0	0	0	0	0	0	0	0	0
NET PROFIT	240	476	-60	1160	364	676	4008	4800	3056	688	848	1476	17732

Table 2 Income for the Year 2006 (quarterly projections)

<i>Sales</i>	27600	37375	75325	41400	181700
Direct cost of sales	16560	22425	45195	24840	109020
Other	0	0	0	0	0
Total cost of sales	16560	22425	45195	24840	109020
GROSS PROFIT	11040	14950	30130	16560	72680
Travel	770	2500	3650	2850	9770
Miscellaneous	122	276	414	260	1072
Advertising	3100	3100	3100	3100	12400
Total Payroll Expense	3450	3450	3450	3450	13800
Depreciation	0	0	0	0	0
Leased Equipment	0	0	0	0	0
Utilities	0	0	0	0	0
Insurance	360	360	360	360	1440
Rent	1800	1800	1800	1800	7200
Consultants	0	0	0	0	0
Other	0	0	0	0	0
Total Expenses	9602	11486	12774	11820	45682
PROFIT BEFORE INTEREST AND TAXES	1438	3464	17356	4740	26998
Interest Expense Short-term	0	0	0	0	0
Interest Expense Long-term	0	0	0	0	0
Taxes Incurred	287.6	692.8	3471.2	948	5399.6
Extraordinary Items	0	0	0	0	0
NET PROFIT	1150.4	2771.2	13884.8	3792	21598.4

Table 3 Income for the Year 2007 (quarterly projections)

<i>Sales</i>	30360	41113	82858	45540	199871
Direct cost of sales	18216	24668	49715	27324	119923
Other	0	0	0	0	0
Total cost of sales	18216	24668	49715	27324	119923
GROSS PROFIT	12144	16445	33143	18216	79948
Travel	810	2750	3700	2900	10160
Miscellaneous	145	300	430	290	1165
Advertising	3350	3350	3350	3350	13400
Total Payroll Expense	3450	3450	3450	3450	13800
Depreciation	0	0	0	0	0
Leased Equipment	0	0	0	0	0
Utilities	0	0	0	0	0
Insurance	360	360	360	360	1440
Rent	1800	1800	1800	1800	7200
Consultants	0	0	0	0	0
Other	0	0	0	0	0
Total Expenses	9915	12010	13090	12150	47165
PROFIT BEFORE INTEREST AND TAXES	2229	4435	20053	6066	32783
Interest Expense Short-term	0	0	0	0	0
Interest Expense Long-term	0	0	0	0	0
Taxes Incurred	445.8	887	4010.6	1213.2	6556.6
Extraordinary Items	0	0	0	0	0
NET PROFIT	1783.2	3548	16042.4	4852.8	26226.4

Table 4 Cash-flow for the Year 2005 (monthly projections)

Cash Sales	7400	8200	5900	10050	9100	9800	19150	22000	17100	9800	10050	12300	140850
Cash from Receivables	210	270	130	340	290	420	750	810	540	390	410	460	5020
<i>Cash from Operations</i>	7610	8470	6030	10390	9390	10220	19900	22810	17640	10190	10460	12760	145870
Extraordinary Items	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax, VAT	0	0	0	0	0	0	0	0	0	0	0	0	0
New Current Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0
New Other Liabilities (interest free)	0	0	0	0	0	0	0	0	0	0	0	0	0
New Long-term Liabilities	50	50	50	50	50	50	50	50	50	50	50	50	600
Sales of Other Short-term Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales of Long-term Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Input	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>CASH RECEIVED</i>	7660	8520	6080	10440	9440	10270	19950	22860	17690	10240	10510	12810	146470
Cash Spent on Costs and Expenses	2350	3900	2950	5500	4100	4950	11250	12250	9000	5150	5300	7100	73800
Wages, Salaries, Payroll, Taxes, etc.	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	13800
Payment of Accounts Payable	320	610	470	530	500	720	730	830	770	230	240	260	6210
<i>Expenditures from Operations</i>	3820	5660	4570	7180	5750	6820	13130	14230	10920	6530	6690	8510	93810

Table 4 Cash-flow for the Year 2005 (monthly projections)

Additional Cash Spent	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax, VAT Paid out	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal Repayment of Current Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Liabilities Principal Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
Long-term Liabilities Principal Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase Other Short-term Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase Long term Assets	50	50	50	50	50	50	50	50	50	50	50	50	600
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment for Assets Purchased on Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH SPENT	3870	5710	4620	7230	5800	6870	13180	14280	10970	6580	6740	8560	94410
NET CASH FLOW	3790	2810	1460	3210	3640	3400	6770	8580	6720	3660	3770	4250	52060
CASH BALANCE	18790	21600	23060	26270	29910	33310	40080	48660	55380	59040	62810	67060	485970

Table 5 Cash-flow for the Year 2006 (quarterly projections)

Cash Sales	24725	33293	66988	36973	161979
Cash from Receivables	710	1208	2415	1449	5782
<i>Cash from Operations</i>	25435	34501	69403	38422	167761
Extraordinary Items	0	0	0	0	0
Sales Tax, VAT	0	0	0	0	0
New Current Borrowings	0	0	0	0	0
New Other Liabilities (interest free)	0	0	0	0	0
New Long-term Liabilities	0	0	0	0	0
Sales of Other Short-term Assets	0	0	0	0	0
Sales of Long-term Assets	0	0	0	0	0
Capital Input	0	0	0	0	0
CASH RECEIVED	25435	34501	69403	38422	167761
Cash Spent on Costs and Expenses	10580	16733	37375	20183	84871
Wages, Salaries, Payroll, Taxes, etc.	3450	3450	3450	3450	13800
Payment of Accounts Payable	1610	2013	2680	840	7143
<i>Expenditures from Operations</i>	15640	22196	43505	24473	105814
Additional Cash Spent	0	0	0	0	0
Sales Tax, VAT Paid out	0	0	0	0	0
Principal Repayment of Current Borrowing	0	0	0	0	0
Other Liabilities Principal Repayment	0	0	0	0	0
Long-term Liabilities Principal Repayment	0	0	0	0	0
Purchase Other Short-term Assets	0	0	0	0	0
Purchase Long-term Assets	0	0	0	0	0
Dividends	0	0	0	0	0
Adjustment for Assets Purchased on Credit	0	0	0	0	0
CASH SPENT	15640	22196	43505	24473	105814
NET CASH FLOW	9795	12305	25898	13949	61947
CASH BALANCE	54795	112100	182998	241947	591840

Table 6 Cash-flow for the Year 2007(quarterly projections)

Cash Sales	27198	36622	73687	40670	178177
Cash from Receivables	760	1340	2500	1560	6160
<i>Cash from Operations</i>	27958	37962	76187	42230	184337
Extraordinary Items	0	0	0	0	0
Sales Tax, VAT	0	0	0	0	0
New Current Borrowings	0	0	0	0	0
New Other Liabilities (interest free)	0	0	0	0	0
New Long-term Liabilities	0	0	0	0	0
Sales of Other Short-term Assets	0	0	0	0	0
Sales of Long-term Assets	0	0	0	0	0
Capital Input	0	0	0	0	0
<i>CASH RECEIVED</i>	27958	37962	76187	42230	184337
Cash Spent on Costs and Expenses	11638	18406	41113	22201	93358
Wages, Salaries, Payroll, Taxes, etc.	3450	3450	3450	3450	13800
Payment of Accounts Payable	1760	2300	2980	1230	8270
<i>Expenditures from Operations</i>	16848	24156	47543	26881	115428
Additional Cash Spent	0	0	0	0	0
Sales Tax, VAT Paid out	0	0	0	0	0
Principal Repayment of Current Borrowing	0	0	0	0	0
Other Liabilities Principal Repayment	0	0	0	0	0
Long-term Liabilities Principal Repayment	0	0	0	0	0
Purchase Other Short-term Assets	0	0	0	0	0
Purchase Long-term Assets	0	0	0	0	0
Dividends	0	0	0	0	0
Adjustment for Assets Purchased on Credit	0	0	0	0	0
<i>CASH SPENT</i>	16848	24156	47543	26881	115428
<i>NET CASH FLOW</i>	11110	13806	28644	15349	68909
<i>CASH BALANCE</i>	56110	114916	188560	248909	608495

Table 7 Balance for the Year 2005 (monthly projections)

Cash	18790	21600	23060	26270	29910	33310	40080	48660	55380	59040	62810	67060	485970
Accounts Receivable	210	270	130	340	290	420	750	810	540	390	410	460	5020
Other Short-term Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Short-term Assets	19000	21870	23190	26610	30200	33730	40830	49470	55920	59430	63220	67520	490990
Long-term Assets	50	50	50	50	50	50	50	50	50	50	50	50	600
Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term Assets	50	50	50	50	50	50	50	50	50	50	50	50	600
ASSETS	19050	21920	23240	26660	30250	33780	40880	49520	55970	59480	63270	67570	491590
Accounts Payable	18760	21394	23250	26450	29836	33054	38822	46670	53864	58742	62372	66544	479758
Current Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Short-term Liabilities	50	50	50	50	50	50	50	50	50	50	50	50	600
Total Short-term Liabilities	18810	21444	23300	26500	29886	33104	38872	46720	53914	58792	62422	66594	480358
Long-term Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	18810	21444	23300	26500	29886	33104	38872	46720	53914	58792	62422	66594	480358
Paid-in Capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings	0	0	0	-1000	0	0	-2000	-2000	-1000	0	0	-500	-6500
Earnings	240	476	-60	1160	364	676	4008	4800	3056	688	848	1476	17732
Total Capital	240	476	-60	160	364	676	2008	2800	2056	688	848	976	11232
TOTAL LIABILITIES AND CAPITAL	19050	21920	23240	26660	30250	33780	40880	49520	55970	59480	63270	67570	491590
NET WORTH	240	476	-60	160	364	676	2008	2800	2056	688	848	976	11232

Table 7 Balance for the Year 2005 (monthly projections)

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Table 8 Balance for the Year 2006 (quarterly projections)

Cash	54795	112100	182998	241947	591840
Accounts Receivable	710	1208	2415	1449	5782
Other Short-term Assets	0	0	0	0	0
Total Short-term Assets	55505	113308	185413	243396	597622
Long-term Assets	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Total Long-term Assets	0	0	0	0	0
ASSETS	55505	113308	185413	243396	597622
Accounts Payable	54854.6	111536.8	177028.2	241104	584523.6
Current Borrowing	0	0	0	0	0
Other Short-term Liabilities	0	0	0	0	0
Total Short-term Liabilities	54854.6	111536.8	177028.2	241104	584523.6
Long-term Liabilities	0	0	0	0	0
Total Liabilities	54854.6	111536.8	177028.2	241104	584523.6
Paid-in Capital	0	0	0	0	0
Retained Earnings	-500	-1000	-5500	-1500	-8500
Earnings	1150.4	2771.2	13884.8	3792	21598.4
Total Capital	650.4	1771.2	8384.8	2292	13098.4
TOTAL LIABILITIES AND CAPITAL	55505	113308	185413	243396	597622
NET WORTH	650.4	1771.2	8384.8	2292	13098.4

Table 9 Balance for the Year 2007 (quarterly projections)

Cash	56110	114916	188560	248909	608495
Accounts Receivable	760	1340	2500	1560	6160
Other Short-term Assets	0	0	0	0	0
Total Short-term Assets	56870	116256	191060	250469	614655
Long-term Assets	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0
Total Long-term Assets	0	0	0	0	0
ASSETS	56870	116256	191060	250469	614655
Accounts Payable	55586.8	114208	182017.6	247116.2	598928.6
Current Borrowing	0	0	0	0	0
Other Short-term Liabilities	0	0	0	0	0
Total Short-term Liabilities	55586.8	114208	182017.6	247116.2	598928.6
Long-term Liabilities	0	0	0	0	0
Total Liabilities	55586.8	114208	182017.6	247116.2	598928.6
Paid-in Capital	0	0	0	0	0
Retained Earnings	-500	-1500	-7000	-1500	-10500
Earnings	1783.2	3548	16042.4	4852.8	26226.4
Total Capital	1283.2	2048	9042.4	3352.8	15726.4
TOTAL LIABILITIES AND CAPITAL	56870	116256	191060	250469	614655
NET WORTH	1283.2	2048	9042.4	3352.8	15726.4

Table 10 Financial Ratios for the Years 2005-2007

<i>Liquidity Ratios</i>			
Current Ratio	1.02	1.02	1.03
Quick Ratio	1.02	1.02	1.03
Accounts Receivable Hand-on-hand	11.6 days	11.61 days	11.23 days
<i>Debt Ratios</i>			
Debt-to-equity Ratio	42.77	44.63	38.08
Cash-flow-to-total-liabilities Ratio	0.11	0.11	0.12
<i>Profitability Ratios</i>			
Gross Profit Margin	40%	40%	40%
Net Profit Margin	11%	11.89%	13%
Return on Assets	3.6%	3.61%	4.27%
Net Operating Profit Rate of Return	4.51%	4.52%	5%
Asset Turnover Ratio	0.32	0.3	0.33