

Business Plan for a type of cash machine to the rental bike and scooter companies

Anther Zhu

American Overseas School of Rome Via Cassia 811, America

ABSTRACT: *Our company's name is "Zhu's Cash Machine", and we are producing a type of cash machine to the rental bike and scooter companies in the market. Our company's goal is to increase customers for these rental companies through our cash machine, since there are a lot of people that have the demand to rent either bikes or scooters but are not allowed because of technical and credit card issues. We are here to not only provide goods and services but also more options and freedom for the people that were stopped and blocked because of the payment issues. This business and product that our company is producing, is not a successful business due to the fact that the company will be only making a small amount of profit in the first year, and operating with huge losses in the next two years.*

KEYWORDS: *Product Description, Industry, Market, Strategy, Manufacturing.*

Section I: Basic information of company

"Zhu's Cash Machine" is the name of our company. Through some observations and some research, I realized that Italians are more willing to use cash rather than credit cards or online payment for their daily consumption. By discovering this fact, the idea of creating a cash machine and also providing a new more comfortable way of payment has led to the creation of this company. Our company will be providing this new type of cash machine to rental bikes and scooter companies, such as Lime, Dott, Helbiz, and Bird, in order to make our customers obtain more customers by providing to their customers a new method of payment for renting both bikes and scooters. By considering a lot of situations and cases which happened this year, for example, the COVID - 19, our company is now planning to start our services between October and November. This choice is made because by researching the behavior of how people use and save their money during a recession, the answer is that people are more willing to save their money in the form of cash instead of saving money in banks, which means that currently during this recession the cash flow is increasing. In order to be able to produce this type of cash machine, the company will need a large place and a lower rent at the same time. The location of the company and the factory will have about 500m² to 700m² and it will be located at Via Dell'Omo, in the area of Torre Maura in the city of Rome, Italy. The rent cost will be around €2500 per month. By analyzing the business of creating a cash

machine step by step I have predicted that our company will be only making a profit of €78,723 of profit in the first year, while in the second and third years our company will be only making losses and no more profits.

Section II: The main people in the company

In our company, we will have a lot of different employers that will be occupying different jobs in different areas. Our company will be employing mechanical engineers, factory workers and repair workers. The mechanical engineers will be developing and guiding the factory workers on how to make our machines and at the same time making some updates and developments to our cash machines. The annual salary that our company provides for a mechanical engineer will be €70,000. The factory workers will be the group that actually creates and makes the cash machines and they will be working and listening to mechanical engineer's guidance. Since the factory workers are not the type of workers that have some barriers to entry, their annual salary will be €30,00. Our company will also employ the maintenance and repair workers since we will be providing some repair services to our customers. The annual salary that our company provides for repair workers will be €39,000.

Section III: Product Description

Our company will provide cash machines, which will be located in the central parts of the city, that are able to provide a new system of payment which is the cash payment system to the rental bike and scooter companies. In order to rent a bike people will only have to insert cash and their user names into these cash machines after then they will receive a message which shows that they have credit on the rental bike or scooter application and in order to unlock either a bike or a scooter people will only have to click unlock on their smartphone. By providing this new method of payment we made the customers of our company be able to provide more choices, freedom, and convenience to their customers. Also by selling this type of machine to the rental bike and scooter companies that provide their services in Italy, we are going to make these companies obtain more customers that were not attracted to their services because of the online payment and credit card payment issues.

Section IV: Industry and Market

The product which our company is providing and creating is unique, different, and new to the world. Due to the fact that our company is currently producing a type of product which did not exist before, this made our company have no competitors and be operating in a Blue Ocean type of market. Currently, our company does not have any competitors but there are some substitutes which are the online and credit card payment. The threats created by these substitutes are not really dangerous in Italy since according to the European Central Bank, between 86% to 89% of

transactions in Italy are settled in physical currency. After some research, I found out that there are several companies that have the capability to become our customers. Currently, there are five rental bike and scooter companies that are operating in Rome, which are Lime, Helbiz, Jump, Dott, and Bird and this represents that the buyers' bargaining power is low. By doing further research I also found out that there are also multiple ticket machine suppliers in the machine market, the most famous ones are Xerox, Omron, Parkeon, Scheidt & Bachmann, which means that the suppliers' bargaining power is low. The product and the service which our company provides will make our customers' customers have a sense of freedom because people now have more options, customers will not have to struggle anymore about being forced to use a credit card in order to rent a bike or a scooter. Our company is not only providing this type of machine, what we are really doing is to make these rental companies' customers be freed and at the same time making their lives more comfortable and convenient. The opportunities that our company have is to expand our customers, instead of providing this type of product only to rental bike and scooter companies, our company can also provide this product to some motorcycle sharing companies, for example, ZigZag, Cityscoot, and Ecooltra and also be to car-sharing companies such as Car2Go, Enjoy and Share'nGo. The expansion of customers is not the only way to increase our sales, another opportunity is that our cash machines can also be provided to sharing companies that are providing sharing services in other cities in Italy such as Milan and Florence. The cash machine product also has several threats both in the market and in the environment. There are multiple threats that are huge, which are imitation and copy of the model. In order to lower down these threats, for the imitation and the increase of competitors, the only thing our company can do is to learn from our future competitors and compete with them. There is another element that I consider as a threat which is the environment. The living environment in Rome is not great at all due to the fact that there are a lot of thieves, looting, and robbery. In order to solve this case, the best solution could be only placing the cash machines in the central and the wealthiest part of the city and then also make the machines harder and safer with alarms on it.

Section V: Marketing Strategy

The target market which our company is focusing on is the rental bike and scooter companies that provide services in the city of Rome. In order to make our product more attractive and be able to make our customers actually consume and order it our company will also provide several extra benefits for them. Our company can provide free shipping services and also some discounts depending on the quantity ordered by the customers. I will also make publicities for our customers on our own websites and as I mentioned before we can also decorate the machines as our customer's wish, for example making huge logos of customer's company on the machines. Surely we will also be providing warranties for our customers.

Section VI: Product Manufacturing

Our company is planning to produce 2 - 3 machines per day in order to reach the goal of producing and selling around 1000 machines in the first year of operating. The working days are from Monday to Friday, from 8:30 to 12:30 and then there will be a break of an hour for lunch. After then the workers will be working from 13:30 to 20:30, and since the weekend is already off there will be no more extra holidays. In the case of rush orders, depending on the situation, our company will pay extra salaries for the workers to come and work during the weekend.

Equipment:

- Ironworker machine
- Shears
- Metal Band Saws
- Magnetic Drills
- Cold Cut Saw
- Squares and Levels
- Welder

Materials:

- Lexan or other plastic
- Galvanized steel
- Acrylic powder coatings
- Polyurethane insulation

Section VII: Financial Forecast

After listing out all the data and some information our company has created this income statement which clearly states all of the costs of the company and the profits made. Between all the different costs the most expensive cost is the salaries that will be paid out to the workers and the one for the factory worker has the biggest portion. In order to lower down the cost, our company has changed from hiring 200 factory workers to hiring 50 workers.

Table 1

Assumption	2020	2021	2022	Notes
Machine price	€3.500,00	€3.850,00	€4.235,00	about 10% increase per year
# of new customers	4	2	2	about 2 new customer increase per year
# of old customers	0	4	6	about 2 old customer increase per year
# of machines sold to new customers	1000	500	500	about 300 new machines increase per year
# of machines sold to old customers	0	200	300	
# of Mechanical Engineer	5	5	7	about 10% increase per year
Mechanical Engineer salary	€70.000,00	€77.000,00	€84.700,00	about 10% increase per year
# of Factory Worker	50	55	60	about 10% increase per year
Factory Worker salary	€38.000,00	€41.800,00	€45.980,00	about 10% increase per year
# of Repair Worker	5	5	7	about 10% increase per year
Repair Worker salary	€39.000,00	€42.900,00	€47.190,00	about 10% increase per year
Price of machine (per unit)	€600,00	€660,00	€726,00	about 10% increase per year
Revenue:	€3.500.000,00	€2.695.000,00	€3.388.000,00	
Direct cost:				
Producing machine price	€600.000,00	€462.000,00	€580.800,00	
Total Direct cost	€600.000,00	€462.000,00	€580.800,00	
Indirect cost:				
Factory workers salary	€1.900.000,00	€2.299.000,00	€2.758.800,00	about 10% increase per year
Mechanical enginner salary	€350.000,00	€385.000,00	€592.900,00	about 10% increase per year
Repair man salary	€195.000,00	€214.500,00	€330.330,00	about 10% increase per year
Rental	€30.000,00	€30.300,00	€30.603,00	About 1% increase per year
Promotion	€10.000,00	€11.000,00	€12.100,00	about 10% increase per year
Decoration	€4.000,00	€0	€0	start up cost
Travel	€2.277,00	€2.504,7	€2.755,17	about 10% increase per year
Equipment	€100.000,00	€0,00	€0,00	start up cost
Delivery	€30.000,00	€21.000,00	€24.000,00	
Total Indirect cost:	€2.621.277,00	€2.963.304,70	€3.751.488,17	
Pre Tax Net Income:	€278.723,00	-€730.304,70	-€944.288,17	

Section VIII: Risk Control

There are several threats and risks that I mentioned before which may cause some problems to my service and product. But the biggest risk that our company will be facing would be the fact that my customers would start to make these types of machines by themselves. In this case, our company should make some contracts with them for becoming their only supplier for 5 years and then we can also lower the prices in order to be more attractive, this way our company can still protect our profit and also compete with other future competitors.

References

- [1]<https://abcnews.go.com/Business/story?id=4260434&page=1>.
- [2]<https://n26.com/en-it/blog/payment-methods-in-italy>
- [3]<https://cafebabel.com/en/article/italy-vs-the-debit-card-paper-money-is-the-only-money-5ae00ae5f723b35a145e6e50/>
- [4]<https://sifted.eu/articles/n26-killing-italy-cash-economy/>
- [5]<https://www.romeing.it/car-bike-scooter-sharing-in-rome/>
- [6]<https://www.businesswire.com/news/home/20171004006082/en/Top-5-Vendors-Global-Passenger-Ticket-Vending>
- [7]<http://www.madehow.com/Volume-7/Vending-Machine.html>
- [8]<https://www.kmstools.com/edwards-55-ton-ironworker-3-phase-173360>
- [9]<https://www.kmstools.com/titan-9-mesh-shears-173566>
- [10]<https://www.casa.it/affitto/capannoni/roma/>