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# SimplyCoco Business Plan



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## **Executive Summary**

In Thailand, there is an ongoing trend to shift to more sustainable products and materials. Many citizens are beginning to see the damage that pollution can do to a city, and feel it is time for change.

Flower pots and plants can be seen as a staple for many Thai people, however this staple is beginning to harm the environment due to excessive use of plastic flower pots. SimplyCoco is proposing an alternative option using coconut husks. With Thailand being one of the world's largest producers of coconuts there are always plenty to be used. Most of the parts of the coconut have some type of use, the interior for eating and drinking, and the shell is very versatile and can be sculpted and used for many things. However, the husk is rarely used and is often burned or buried as waste. The product looks to take those husks and turn them into something profitable.

## **Business Objectives:**

1. Create successful products from coconut husk waste.
2. Make the product profitable to help economic growth in the Municipality of Amphawa.
3. Promote these products through a facebook page to minimize advertising costs.

## **Unique Selling Point:**

The products are completely biodegradable and environmentally friendly. This provides consumers an alternative to using plastics. Another selling point is that three products are being offered in three different ways, the coconut husk flower pots, the coconut husk mulch, and the coconut husk flower pots paired with the mulch to promote plant growth.

## **About SimplyCoco:**

SimplyCoco is an environmentally friendly company aimed at finding a way to reduce plastic usage. This business plan was created for someone with experience in the Amphawa Market, it is also expected to be a single family business just like a majority of businesses in the market. The goals include creating economic value for the municipality of Amphawa and fighting the war on plastic waste to help the community become more environmentally friendly.

## **Key Partners:**

The key partner for the business plan is Chaipattana Foundation which the foundation will help to reduce rental cost, and provide a storefront in Amphawa. The main key supplier is the coconut Lhongs, where there is an abundance of unused coconut husks. Another key partner is the machine suppliers. The machines being supplied are the fiber separator and the pot molding machine.

**Key Resources:**

The key resources are going to include coconut husks, necessary machinery, and natural adhesive. Another plan is to have a hatchet to chop additional husks into mulch. The main resource, coconut husk, is always going to be in abundance. The other two necessary resources are easily obtainable as well.

In terms of non material resources, the future owner of the business will ideally have valuable experience in Thai business ventures.

**Key Activities:**

The business's key activity is going to be creating flower pots and mulch from coconut husks. Coconut fibers will also be an output of the company, which can be sold as raw materials. The owner of the business is expected to be a former business owner with experience as an entrepreneur. To expand the business and market the products, the plan is to teach community members how to make some of the products such as the flower pots.

**Value Proposition:**

The product is going to hold a value in the community for many reasons. The first reason is that sustainability is becoming a trend in the community. The product is extremely eco friendly compared to the rival plastic. Through some interviews with flower vendors, it was learned that they purchase plastic flower pots for 10 baht each. The business should be able to compete with this since 10 baht per pot was the planned price. However, the one disadvantage to the product is it does not last as long as plastic, but the pots still last well over a year.

**Customer Relations:**

The plan to communicate with consumers matches the advertising plan, through Facebook. Also, if a grant is received from the Chaipattana Foundation, a storefront will be given, however, rent is not included. When working with the Chaipattana Foundation, it is possible to grow a relationship with customers and locals by teaching them how to make flower pots.

**Marketing:**

As stated above, all of the marketing will be done through Facebook to eliminate any additional advertising costs. This means that there is only need for one form of marketing to get the product noticed in both Amphawa and the entire country of Thailand. Furthermore, this is a Facebook Page, not Facebook ads. A page is completely free to develop and run whereas ads must be paid for.

**Target Market:**

The target market is the farmers, market goers, tourists, and flower shop owners of

Thailand. Based on interviews with 9 farmers in Muang Mai Subdistrict, it was found that most of the farmers are using plastic pots. Thus, coconut husk pots meet the needs of farmers as the coconut husk pots are cheaper than the plastic pots. Also, when the mulch is sold with the coconut husk pots, this can reduce the plastic packages of the mulch. Moreover, the market goers and tourists will show interest in the flower pots, for many coconut product vendors have seen great success in the market pre-covid. Selling to flower vendors will help us attain the goal of selling the flower pots in bulk. The Facebook page will give the opportunity to reach out to general citizens of Thailand who are already interested in sustainable planting. Currently, Thai citizens and tourists are interested in sustainable products because they have started to realize the effect of plastic on the environment. They are seeking alternative ways to save the environment. Therefore, the eco-friendly product is one of the choices that can answer the customer's needs.

### **Opportunity:**

The biggest opportunity is to obtain funding from the Chaipattana Foundation, which grants local businesses an initial fund and business plot in their foundation. The ideas of sustainability fit directly into the foundation's ideologies of environmentally friendliness and economic growth.

### **Cost Structure:**

The largest cost concern is going to be the one time purchase of all of the machines necessary to make the pots. However, since this is a one time purchase once enough money is made back to cover the costs of the machines, all other money made is a profit. So like any startup business there will be substantial debt to begin with.

### **SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
Environmentally friendly product	Some people may not want to switch from plastic	Availability of freelancers that are well-versed in traditional marketing	Well established companies with strong products
Plenty of raw materials to use	Coconut husk flower pots will not last as long as plastic	The Potential growth for a startup business in the Chaipattana Foundation	Plastics

### **Revenue Streams:**

Customers are going to pay for the product versus plastic because many consumers are looking for environmentally friendly alternatives to products that they currently purchase.

According to Srichanrat, many people in Thailand are searching for more environmentally friendly answers to plastics, as he is one of the top vendors in the market, his input should be valued. The product is providing eco-friendly value that similar companies and products are not. If a plastic pot is thrown away as waste it will take thousands of years to biodegrade, whereas the eco-friendly product would be significantly shorter.

### **Marketing Plan**

Since the marketing strategies for every market owner in the Municipality of Amphawa is rather untraditional, the owner will have to match their marketing schemes to find profit.

The plan is to promote the product through Facebook. Many market owners that have success in the Floating Market have one thing in common; they eliminate marketing costs by solely marketing their product through Facebook. For the business in terms of sales, ideally it will be mostly through wholesales, meaning the product should be sold in bulk.

### **Responsibility**

The business owner will be operating the machine 4 days a week at 8 hour shifts each day. On the days off the owner will be responding to the Facebook Page, as well as traveling to Bangkok to try and get additional sales with the flower pots. The business owner will get paid minimum wage for the four days a week of labor, as well as the profit of the business as well.

### **Location Analysis**

The business will be located at the Amphawa Chaipattananurak Foundation. The strategy should follow another successful business owner in Amphawa and travel to Bangkok to sell additional products on off days and send out deliveries from Facebook.

### **Marketing Strategies.**

Distribution will be done through the store fronts and Facebook page. Costs of distribution have already been added to the financial feasibility sheet.

### **Pricing Scheme And Sales Volume Potential**

The setting price of the flower pots have to match with the plastic flower pots at about 10 baht per pot in bulk and 20 baht per individual pot purchased. The reason for this is that the product is meant to be bought and sold in bulk, so doing this would encourage buyers to purchase the product in wholesale.

### **Economic Calculations**

To get proper forecasting predictions for our unit sales there first had to be a calculation for how long it takes to create a single flower pot. In a time study that was devised, a member

observed the process of creating a coconut husk flower pot ten times. It was learned that it takes on average two minutes and ten seconds to create a single flower pot.

With the results from the time study, single unit production calculations were made. The outcome was that it is possible to make 775 flower pots a week, on average. The average includes a 4 day work week with 8 hours of work per day with a 1 hour break per day, resulting in 28 hours per week. This data is going to be used in the production and sales forecast.

There are various assumptions to go with the unit calculations. Turning the husks into fibers and mixing the fibers with the adhesive was not included in the time study, therefore, additional time is needed for these operations. It is also assumed that the worker is skilled with their hands for trimming the excess fibers.

To evaluate costs of products and the logistics of profitability, a production and sales sheet was created to forecast production sales. Forecasting is an important part of creating a startup product. It is worth noting that financial projections will never be 100% accurate but they will help us identify which products will be profitable and which products will lose money. The sheet was created through single unit calculations. This means the average time was calculated to make one pot, then it was divided into the hours of work per week.

Three sheets were created, the first was a lowball sheet to anticipate what happens if units created go below average production. The second was a highball sheet to anticipate what happens if units go above average production. The third was an average sheet, where the unit calculations are true projections.

The units sold section includes the amount of coconut husk flower pots, flower pots with mulch, and coconut fiber sold.

The capital income section assumes that the business will receive a grant from the Chaipattana Foundation, which would pay for the molding machine but not the shredder. The foundation will cover 55,000 baht of the initial capital cost.

The capital cost section includes the two necessary machines for the product, the coconut fiber machine and the fiber molding machine. It also accounts for additional hand tools necessary, including a hatchet to chop the mulch and scissors to trim the excess off of the pots. The capital cost is expected to be 75,000 baht.

The operating cost, or recurring cost accounts for all of the expected costs of production. The first cost is labor, based on the assumption that the owner can pay themselves minimum

wage, which is 300 baht per day in Thailand.

Costs also include the adhesive glue necessary to create the pot, transportation and delivery costs (shipping and handling), and rent.

The Production and Sales sheet also includes the following assumptions:

1. The majority of the revenue will be made through wholesale.
2. The business will sell a week's production every month.
3. The business will get a Chaipattana grant to cover the cost of the molding machine.
4. The business will purchase machines at list price.
5. It takes two minutes and ten seconds to create a pot.

All of this data is combined and formulated to give the business owner their projected profit, if they are able to sell what is expected on the sheet. After running the projected production through the product and sales sheet, it came to the conclusion that the owner would be able to recoup the cost of the fiber machine and earn a profit of around 30,000 baht over the first two years on top of their minimum wage payment. The goal is to sell 775 pots, or one week's production, in one month. The full calculations and all of the excel sheets can be found in the supplementary files.