

BUSINESS PLAN
OF
ABC Security (Pty) Ltd.

2019/1234/07

(Logo)

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1. Introduction

1.1 Business Concept

ABC Security (Pty) Ltd. (hereafter known as ABC) is a newly established Business that operates in the Security Industry. The Business is located in Pretoria and will provide security services in this area as well as surrounding areas in the Gauteng province.

The founder of ABC has over 10 years' experience in the security industry, which includes safeguarding and access control services.

ABC has a vision to be the leading private security company by providing world class safety and protection services. The Business aims to impact the economy of South Africa, through job opportunities and people empowerment. Essentially ABC will sell peace of mind to its clients.

The Business will specialise in safeguarding services.

ABC will grow its employee base of security guards carefully, based on client contracts, tenders, and part-time jobs, using both full-time and part-time guards. A dedicated management team will make sure that operations in all aspects operates smoothly. The Business will make sure that it implements logistical expertise and proper infrastructure for control over every aspect of the Business.

After the initial investment and launch, a lean percentage year is projected. The business will be poised to expand through its own financing after 5 years.

In the current economic climate, which promises an upswing in general and in outsourced services especially, this business is launching at the right time. The business will target tenders, contracts, farms, retail stores, corporate companies, offices and the private sector.

Customer excellence will set ABC apart from its competition.

2. Vision, Purpose, Goals and Values

2.1 Vision

ABC's vision is to be the leading security services provider in South Africa.

2.2 Mission

ABC's mission is to provide affordable and quality security services to its clients.

2.3 Goals

2.3.1 Business Start-up Phase

Goals:

- Compliance Registration
- Initial Operational Systems
- Initial Marketing Campaign
- Staff Employment

Timeframe:

- 6 Months

2.3.2 Business Advanced Growth

Goals:

- Staff Training
- Management Systems
- Advanced Operational Systems
- Advanced Marketing Campaigns

Timeframe:

- 6 – 12 Months

2.3.3 Business Mature Growth

Goals:

- Brand Building
- Increased Marketing Campaigns

Timeframe:

- 12 – 24 Months

2.4 Values

2.4.1 Ethical Values

- Reliability
- Honesty
- Vigilance

2.4.2 Operational Values

- Professionalism
- Excellence Services
- Quick Turnaround Times

3. Business Model

3.1 Operational Industry

3.1.1 Security Industry

3.2 Services

Security Guard Services

- Gate / Boom Guarding
- Patrolling Guards
- Quick Armed Response
- Fire / Evacuation Emergencies
- Health / Accident Emergencies
- Liaison with police and city emergency organisations

3.3 Business Operational Strategy

3.3.1 Marketing Strategy

3.3.1.1 Viral Marketing

ABC will focus on excellent service delivery standards to build a strong wave of viral marketing. This is the best and most price effective form of marketing. Word of mouth produces immediate trust and doesn't cost money.

3.3.1.2 Social Media Marketing

Platform:

- Facebook
- Twitter
- Instagram

Strategy:

- Special Offers: On these platforms, promotions, competitions and give away specials will be advertised.
- Client Engagement: ABC will actively engage with its client base on Social Media.
- Brand Building: The Business will constantly create brand awareness through Social Media to build the brand in Pretoria.

3.3.1.3 Google AdWords

Platform:

- Google AdWords

Strategy:

- Website: ABC will setup a solid Website with a strong SEO for Google AdWords marketing.

3.3.1.4 Email Marketing

Platform:

- Email / Leads List

Strategy:

- Email List: The Business will build an email list over time and send monthly newsletter to promote specials, special offers and competitions to the database.

3.3.1.5 Traditional Marketing

Platform:

- Flyers
- Banners
- Brochures

Strategy:

- Brand Awareness: ABC will create brand awareness through setting up banners and distributing flyers at local shopping malls, centres, corporate companies, small business parks, private estates and residential areas.
- Networking: The Business owners will join business networking events and distribute business cards for personal marketing.

3.3.1.6 Tenders / Contracts Marketing Strategy

Platform:

- Websites
- Newspapers
- Gazettes
- Tender Bulletins
- Tender Portals
- Tender Service Providers

3.3.2 Sales Department Strategy

3.3.2.1 Strategy 1: Personal Sales Process

The personal sales process is a sales system ABC will use to convert the leads generated through the viral and traditional marketing strategies.

The process consists of the following steps:

Introduction Meeting:

- An introduction meeting is setup with good prospects to discuss their requirements and needs.

Establish Customers Budget:

- The salesman establishes the customers budget after the introduction meeting and draws up a few scenarios to fit the customers' requirements and needs.

Sales Meeting:

- A second meeting is setup with the customer to provide him with a few options to choose from. During this meeting the ideal outcome will be negotiated.

Finalise Quote:

- A final quote is setup and send to the customer.

3.3.2.2 Strategy 2: Online Sales Process

The online sales process is a sales system the Business will use to convert the leads generated through the Social Media, Google and email marketing strategies.

The process consists of the following steps:

Introduction Phone Call:

- An introduction phone call is done to the prospect discuss their requirements and needs.

Establish Customers Budget:

- The salesman establishes the customers budget while on the initial phone call explains a few options to fit the customers' requirements and needs.

Follow Up Email:

- An email is sent to the client, explaining the options and process, which was discussed over the phone.

Follow Up:

- Client is called 5 working days after initial call to push for a possible conversion.

3.3.3 Operations Department Strategy

Step 1: Internal Operations

On receipt of the payment or contract agreement, the Finance Manager will process the payment or contract and inform the Operations Manager of the service required.

Step 2: Service Specifics

The Operations Manager receives the internal information and arranges the specifics of the service to deliver to the client.

Step 3: Service Delivery

ABC has systems in place to make sure that every site it provides a service too will operate efficiently. Guards and employees will be trained and required to keep the system to the letter.

3.4 Operations Diagram



3.5 Industry Analysis

3.5.1 South African Security Industry

The Security Industry in South Africa are very different to the ones in other countries. South Africa poses unique threats and are statistically the 3rd most violent country in the world after (1) Venezuela and (2) South Sudan.

The increasing crime in South Africa has resulted in the Private Security Sector growing rapidly. There are round about 9 000 Security Companies active in the South Africa.

There are currently over 490,000 active Private Security Officers in South Africa; working in armed response, cash-in-transit, and guarding companies. By comparison, SAPS employ 194,852 people and the SANDF's total military force (excluding reserves) is 77,597. This means that the number of active private security officers in SA is nearly double the size of the SAPS and SANDF combined.

The most recent Stats 'SA Victims of Crime' survey found that the most feared type of crime is house robbery – this resulted in 50% of households taking physical measures to protect their homes, and 11% of households employ private security services.

In addition to this, the Victims of Crime survey showed public's faith in the police's ability to solve crimes has steadily fallen. In 2011, 64% of people had confidence in the police; this figure dropped to 58.8% in 2015/16.

These stats boast well for Private Security Company and proofs that people would rather approach a Private Security Company, than the Police in South Africa. The opportunity of starting a Private Security Business in South Africa is clear, the industry is growing consistently, and people are willing to pay for Private Security Services. South Africans are spending more on Private Security in South Africa than ever before. An estimated R45 Billion are spend on Private Security in South Africa annually.

3.5.2 Sources:

Daily Maverick: <https://www.dailymaverick.co.za/article/2017-05-14-south-africas-r40bn-private-security-industry-under-threat/>

Entrepreneur Magazine: <http://www.entrepreneurmag.co.za/>

3.6 Target Market

3.6.1 Business Location

Pretoria, Gauteng

3.6.2 Target Market Location

Gauteng Province and ultimately South Africa.

3.6.3 Target Market Analysis

Private Sector:

- Real Estate Parks
- Individuals
- Apartment Buildings

Business Sector:

- Office Parks
- Private Companies

Corporate / Retail Sector

- Corporate Companies
- Retail Companies

Public Institutes:

- Public Schools
- Public Sport Clubs
- Shopping Malls

3.6.4 Market Gap

3.6.4.1 Increasing Crime in South Africa

In the current economic climate of South Africa, many South Africans are jobless and need to provide for themselves and their families. This factor has resulted in an increasing crime rate in South Africa. A lack of education has contributed to the increasing crime in south Africa.

3.6.4.2 Public Preference

According to the 'Victims of Crime' survey the public's faith in the Police's ability to solve crimes has steadily fallen. In 2011, 64% of people had confidence in the police; this figure dropped to 58.8% in 2015/16.

The general public in South Africa are losing faith in the South African Police Services. However, with the increasing crime in South Africa the public still requires protection and turns to Private Security Companies to protect their homes, assists, vehicles and lives.

3.6.4.3 Unreliable Security Service Provider

Private security companies and security guards can be unreliable and poor. This creates an opportunity for an ethical service provider in the Security Industry to fill this gap.

ABC is an ethical, honest and quality security service provider. The gap will be targeted through ethical, honest and a quality service delivery to the client.

3.6.5 Market Trends

3.6.5.1 Consumer Preferences:

- Integrity and Honesty
- Order and Control
- Well Trained Guards
- Proper Communication Skills
- Fast Reaction Times

3.7 Competitive Advantage

3.7.1 Customer excellence will set ABC apart from its competition.

4 SWOT Analysis

4.1 Competitor analysis:

- DEF Security
- Tech Security

4.2 SWOT Analysis

Strengths	Weaknesses
<p>Service Delivery Standards The Business provides exceptional service with a professional attitude.</p>	<p>Inexperience ABC is a new business, this could result in the market not providing opportunities or contracts to the Business, but rather to a well-known business in the industry.</p>
<p>Low Expenses Operating expenses are still low due to the fact that the business is still relatively new. This results in a low risk opportunity.</p>	<p>Business Growth ABC will work hard to improve the current growth. The Company is still new in the market with potential to grow in the near future.</p>
<p>Trained Security Guards Fully trained guards with moral values.</p>	<p>Operational Systems Operation systems are not fully setup, systems will improve as the Business grows.</p>
<p>Key Attributes The guards in employment possess the 5 key attributes which makes a quality security guard an asset:</p>	

<ul style="list-style-type: none"> • Alertness • Honesty • Physical Fitness • Communication Skills • Serving Attitude <p>Team Work The employees work together as a team.</p> <p>Profit The Business is making most of its profits through its safeguarding services.</p> <p>Management Experience Management specialises in different areas of security. This gives the Business a broad perspective on a full security service.</p>	<p>Factors the general market sees as a problem:</p> <ul style="list-style-type: none"> • The market see's poor service, poor work ethic, poor quality and untidy work as a problem. • Poor reaction time to emergency situations on site. • Miss communication between client's and security officers.
<p>Opportunities</p>	<p>Threats</p>
<p>Increasing Crime in South Africa In the current economic climate of South Africa, many South Africans are jobless and need to provide for themselves and their families.</p> <p>Public Preference According to the 'Victims of Crime' survey the public's faith in the Police's ability to solve crimes has steadily fallen.</p> <p>Unreliable Security Service Provider Private security companies and Security Guards can be unreliable and poor. This creates an opportunity for an ethical service provider in the Security Industry to fill this gap.</p> <p>Applying with the consumer preferences:</p> <ul style="list-style-type: none"> • Integrity and Honesty • Order and Control • Well Trained Guards • Proper Communication Skills • Fast Reaction Times 	<p>Competition The security industry is an extremely competitive industry in South Africa. Corporate companies with large marketing and operational budgets are making it difficult for startup security companies to enter the industry.</p> <p>Industry Standards Technology and quality standards in the security industry are consistently improving. ABC will stay updated and evolve with the market.</p> <p>Staff Employment Management should avoid employing unethical guards. The following factors are normal tendency's under security guards in South Africa and that could hurt ABC reputation:</p> <ul style="list-style-type: none"> • Guards drunk on duty. • Guards arriving late on site or missing in action. • Guards leaving site unattended. • Reaction team not responding on time, when needed on site.

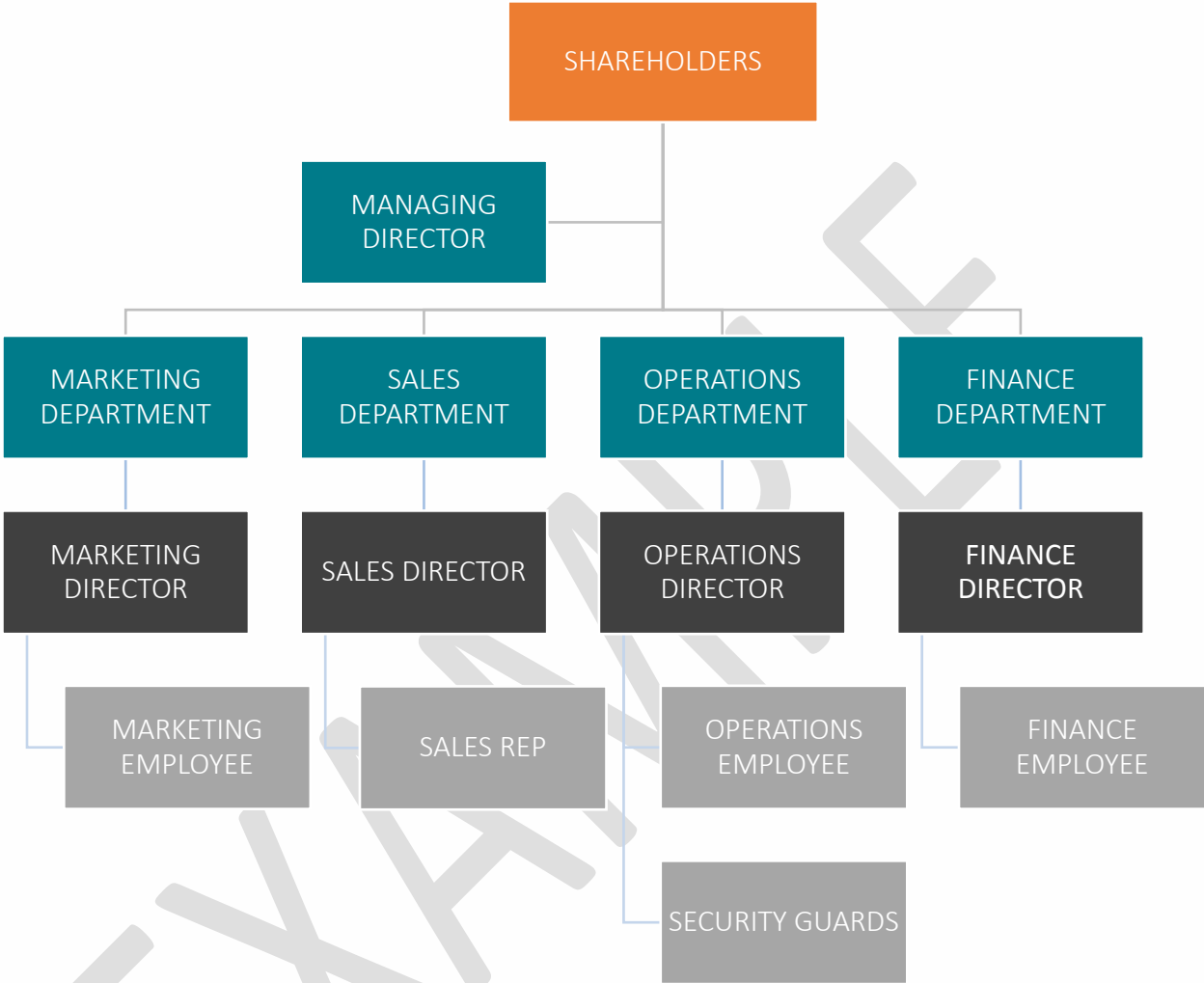
Market Flooded

Competitor companies can't keep up with the high demand of work, this results in unhappy clients that wants to change service provider.

- Guards who are unproductive.

EXAMPLE

5 Organisational Chart



6 General Information

6.1 Compliance

Legal entity type: Private Company (Pty) Ltd.

Company Name: ABC Security (Pty) Ltd.

Registration number: 2019/1234/07

Bank Details: xxx

Income Tax Number: xxx

VAT Number: xxx

Website Link: xxx

Main Contact Person: xxx

Contact Numbers: xxx

Email Address: xxx

Physical Address:

xxx

xxx

xxx

Postal Address:

xxx

xxx

xxx

6.2 Ownership

Shareholder 1

Name and Surname: John Doe

Age: xxx

Gender: xxx

ID Number: xxx

Percentage Shares: 100%

Financial Contribution: xxx

Other Contribution of Value: Managing Director

7 Financial Plan

7.1 (5) Year Financial Assumption

The profit and loss assumptions have been calculated on the following financial variables:

- Tax 28%
- Inflation 10%
- Price Increase 10%

FORECASTED COST / REVENUE / PROFIT PER PRODUCT

	Average Cost Price Per Site – Per Month	Mark-up	Average Profit Per Site – Per Month	Annual Cost Per Site	Annual Revenue Per Site	Annual Profit Per Site
Site 1	R4 500,00	122%	R9 990,00	R54 000,00	R119 880,00	R65 880,00
Site 2	R4 500,00	122%	R9 990,00	R54 000,00	R119 880,00	R65 880,00
Site 3	R4 500,00	122%	R9 990,00	R54 000,00	R119 880,00	R65 880,00
Site 4	R4 500,00	122%	R9 990,00	R54 000,00	R119 880,00	R65 880,00
Site 5	R4 500,00	122%	R9 990,00	R54 000,00	R119 880,00	R65 880,00
TOTALS				R270 000,00	R599 400,00	R329 400,00

INCOME					
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Site 1	R119 880,00	R131 868,00	R145 054,80	R159 560,28	R175 516,31
Site 2	R119 880,00	R131 868,00	R145 054,80	R159 560,28	R175 516,31
Site 3	R119 880,00	R131 868,00	R145 054,80	R159 560,28	R175 516,31
Site 4	R119 880,00	R131 868,00	R145 054,80	R159 560,28	R175 516,31
Site 5	R119 880,00	R131 868,00	R145 054,80	R159 560,28	R175 516,31
Total revenue	R599 400,00	R659 340,00	R725 274,00	R797 801,40	R877 581,54

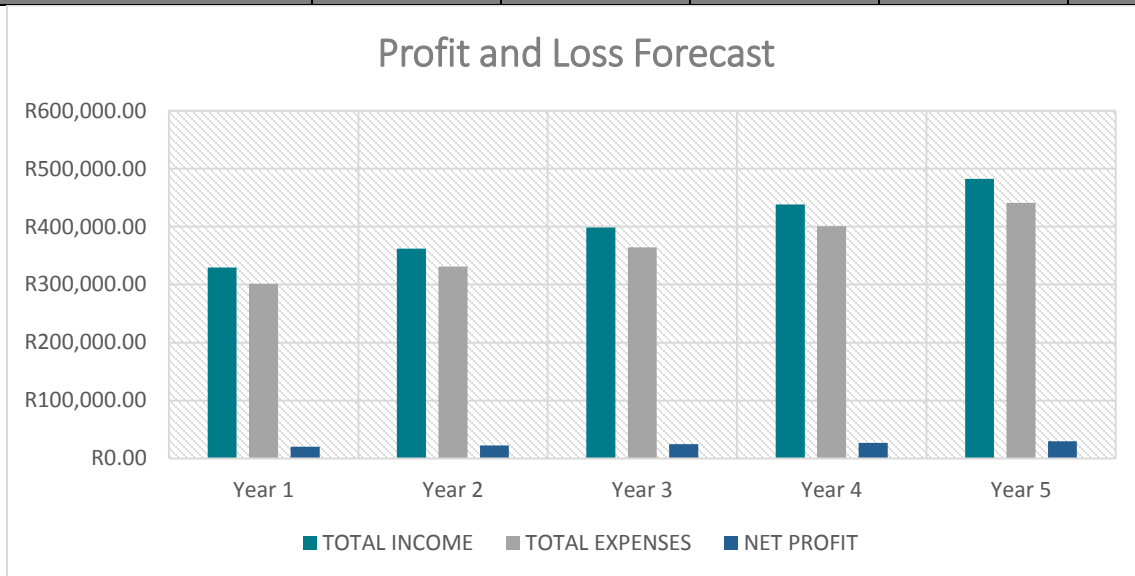
Cost of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Site 1	R54 000,00	R59 400,00	R65 340,00	R71 874,00	R79 061,40
Site 2	R54 000,00	R59 400,00	R65 340,00	R71 874,00	R79 061,40
Site 3	R54 000,00	R59 400,00	R65 340,00	R71 874,00	R79 061,40
Site 4	R54 000,00	R59 400,00	R65 340,00	R71 874,00	R79 061,40
Site 5	R54 000,00	R59 400,00	R65 340,00	R71 874,00	R79 061,40
Cost of goods sold	R270 000,00	R297 000,00	R326 700,00	R359 370,00	R395 307,00
Gross Profit	R329 400,00	R362 340,00	R398 574,00	R438 431,40	R482 274,54

EXPENSES					
Operating expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel Plan	R252 000,00	R277 200,00	R304 920,00	R335 412,00	R368 953,20
Advertising and promotions	R12 000,00	R13 200,00	R14 520,80	R15 972,00	R17 569,20
Bank charges	R1 200,00	R1 320,00	R1 452,00	R1 597,20	R1 756,92
Admin	R12 000,00	R13 200,00	R14 520,80	R15 972,00	R17 569,20
Fuel and vehicle expenses	R12 000,00	R13 200,00	R14 520,80	R15 972,00	R17 569,20
Telephone, postage and internet	R12 000,00	R13 200,00	R14 520,80	R15 972,00	R17 569,20
Total operating expenses	R301 200,00	R331 320,00	R364 452,00	R400 897,20	R440 986,92

NET PROFIT BEFORE TAX	R28 200,00	R31 020,00	R34 122,00	R37 534,20	R31 287,62
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TAXES					
	Year 1	Year 2	Year 3	Year 4	Year 5
Income Tax	R7 896.00	R8 685.60	R9 554.16	R10 509.58	R11 560.53
TOTAL TAXES	R7 896.00	R8 685.60	R9 554.16	R10 509.58	R11 560.53

NET PROFIT	R20 304.00	R22 334.40	R24 567.84	R27 024.62	R29 727.09
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SALARIES				
Employee Number	Description	Number of people	Amount per month	Yearly Amount
1	Employee 1	1	R3 500,00	R42 000,00
2	Employee 2	1	R3 500,00	R42 000,00
3	Employee 3	1	R3 500,00	R42 000,00
4	Employee 4	1	R3 500,00	R42 000,00
5	Employee 5	1	R3 500,00	R42 000,00
6	Director	1	R3 500,00	R42 000,00
Total:				R252 000,00