



FINAL DEGREE PROJECT

Author:

Oscar MañesMartínez

Mentor:

Mr. Patrick Sells (MBA)

*Business Plan to set up a financial consulting company in the U.S.A.
specialized in investments and financial statements analysis.*

2012

Acknowledgments

To my mentor, Mr. Patrick Sells, for being generous with his time and helpful with his advice during this semester that I have been working on the present project.

To Polytechnic University of Valencia (UPV), because it is the house where I have been growing as a student and as a person.

To Missouri State University (MSU), thanks for the opportunity of the exchange experience. This semester I have improved my English and my personal skills and expanded my world's perception.

To my family and my dearest friends, because they are an important part of my life and they contribute to give meaning to it.

General Index

- Graphics and tables index.....page 8
- 1/ Executive summary.....page 12
- 2/ Objective and courses related. Methodology.....page 14
 - 2.1. General objective and courses related.....page 15
 - 2.2. Objectives.....page 19
 - 2.3. Methodology.....page 22
- 3/ Project justification. Recent past and current situation.....page 25
 - 3.1. Introduction.....page 26
 - 3.2. Project Justification.....page 27
 - 3.3. Recent past and current situation.....page 28
 - 3.4. Conclusions.....page 37
- 4/ External analysis. PESTEL. Porter five forces...page 39
 - 4.1. Introduction.....page 40
 - 4.2. External analysis. PESTEL analysis.....page 40
 - 4.3. Porter five forces analysis.....page 63
 - 4.4. Conclusions.....page 67

- 5/ Location. Operative analysis and processes.....page 69
 - 5.1. Introduction.....page 70
 - 5.2. Location and plant distribution.....page 70
 - 5.3. Main business processes.....page 72
 - 5.4. Conclusions.....page 80
- 6/ Human resources and company's organization...page 82
 - 6.1. Introduction.....page 83
 - 6.2. Vision, mission statements. Company's values...page 83
 - 6.3. Legal structure.....page 85
 - 6.4. Organization chart.....page 87
 - 6.5. Job Analysis.....page 88
 - 6.6. Conclusions.....page 90
- 7/ Marketing plan.....page 92
 - 7.1. Introduction.....page 93
 - 7.2. Customers target.....page 93
 - 7.3. Market segmentation.....page 95
 - 7.4. Product policy.....page 96
 - 7.5. Price policy.....page 97
 - 7.6. Place policy.....page 99
 - 7.7. Promotion policy.....page 100
 - 7.8. Conclusions.....page 103

- 8/ Financial analysis.....page 105
 - 8.1. Introduction.....page 106
 - 8.2. Income and expense forecast.....page 106
 - 8.3.Financial sources.....page 115
 - 8.4. Income Statements.....page 118
 - 8.5. Conclusions.....page 125
- 9/ SWOT analysis.....page 127
- 10/ General conclusions.....page 134
- 11/ Bibliography.....page 137
- 12/ Annexes.....page 142
- 13/ Resumen.....page 153

Graphics and TablesIndex

- Graphic 1: Crude oil prices evolution. Page 28
- Graphic2: Average sales prices of new homes. Page 29
- Graphic3: U.S. properties with foreclosure activity. Page 30
- Graphic4: Dow Jones Industrial Average. Page 31
- Graphic5: Quarter-to-quarter growth in real GDP. Page 31
- Graphic6: Origins of the financial/economic crisis. Page 32
- Graphic7: GDP per capita 2011 price. Page 34
- Graphic8: Annual Real GDP growth. Page 35
- Graphic9: U.S. debt evolution in terms of GDP percentage. Page 36
- Graphic 10: Missouri Gross Domestic Product. Page 42
- Table 11: Ranking of states by Gross State Product. Page 43
- Table 12: Missouri GSP by industries. Page 44
- Graphic 13: Missouri employment levels. Page 45
- Graphic 14: Missouri unemployment rates. Page 46
- Graphic 15: Missouri's top fourteen exports in 2011. Page 47
- Graphic 16: Missouri's top ten export partners in 2011. Page 47
- Table 17: Ease of doing business. Conclusions. Page 48
- Table 18: Ease of doing business. Starting a business. Page 49
- Table 19: Ease of doing business. Access to credit. Page 50
- Table 20: Ease of doing business. Investor protection. Page 50

- Table 21: Ease of doing business. Tax payments. Page 51
- Graphic 22: Springfield's average wage per job trend. Page 53
- Table 23: Springfield's population by occupation. Page 53
- Table 24: Springfield, commercial bank deposits. Page 54
- Table 25: Springfield, bank lending activity. Page 54
- Table 26: Financial and insurance activity in Missouri. Page 55
- Graphic 27: Cost of living index for selected cities. Page 56
- Graphic 28: U.S. interest rates trend. Page 58
- Table 29: U.S. inflation rate average. Page 59
- Table 30: Missouri, population by race distribution. Page 60
- Graphic 31: Missouri, population by age and sex distribution. Page 60
- Graphic 32: Porter's five forces diagram. Page 63
- Table 33: Investor Policy Statement (IPS) main points. Page 75
- Graphic 34: Top-down approach in asset allocation. Page 76
- Graphic 35: Financial statement analysis, scheme for cash flow analysis. Page 79
- Graphic 36: Organization chart. Page 87
- Graphic 37: *Maemar Finances* Logo. Page 100
- Table 38: Investment advice services for the first year. Page 110
- Table 39: Investment advice services for the second year. Page 111
- Table 40: Investment advice services for the third year. Page 111
- Table 41: Financial statement analysis services for the first year. Page 112
- Table 42: Financial statement analysis services for the second year. Page 112
- Table 43: Financial statement analysis services for the third year. Page 115
- Table 44: Loan conditions. Page 117
- Table 45: Loan repayment plan. Page 118

- Table 46: Income Statement for 2013. Page 119
- Table 47: Income Statement for 2013. Page 119
- Table 48: Income Statement for 2014. Page 120
- Table 49: Income Statement for 2014. Page 121
- Table 50: Income Statement for 2015. Page 122
- Table 51: Income Statement for 2015. Page 123

1.

Executive Summary.

1. Executivesummary.

Maemar Finances is a business idea for the short term future and the present project is a guide on how to set up a financial advisory firm that specializes in investment advice and financial statement analysis services.

This idea came about because one of the founders, Oscar Martinez, thinks that there are uncovered market needs. The last financial crisis keeps causing problems and has revealed a weak situation for the occidental economies. With this environment, I believe that there is a possibility for making a business that benefits society. One of the services will be to offer honest advice about investment. The other service will be to provide assistance to small and middle companies about their financial statement and try to help them to implement modifications that will make them feasible.

This business plan has been done from a cautious point of view in order to be realistic and guarantee the company's feasibility, especially in a delicate moment like the present one. The business plan will be a guide for the company's activity and it will provide information for the starting point.

The following chapters contain all the information needed for the business plan to accomplish the following objectives:

- It helps to create an image about the company and its objectives.
- It contributes to explain how the company to potential customers is.
- It helps to get external financing, presenting the company structure, the business idea and its strengths and opportunities.

To sum up, the following pages explain how *Maemar Finances* will operate and strategize to help prove its feasibility and demonstrate that it is an interesting business and investment idea.

2.

Objective and
courses related.
Methodology.

2.Objective and courses related. Methodology:

2.1. General objective and courses related.

The objective of this project is to prepare a business plan which will be a guide and a research exercise that synthesizes the process of setting up a company. In this case the company will be a financial advisory named *MAEMAR FINANCES*.

The business idea is to provide *financial advice* in the area of investments for companies and also privates, and *financial statement advice* for companies. The beginning idea is to set up the company in Springfield, and in the long term the purpose is expand us to bigger cities with more population and financial activity.

Since the beginning of the degree in September 2005 till January 2011, I have taken many courses in the different areas of *business administration*. Also, the special courses part from the title named *International Management* have helped me to develop knowledge in the business area, but also they have increased my personal skills that will help me in the academic and work world.

All of these courses contributed in the production of this business plan, and now I will comment on the most important ones chapter by chapter.

Chapter 3: Recent Past and Current Situation:

The environment highly affects the company, it is important to know and understand the current situation and its short-time forecast and take decisions based on that economic context.

To talk about the global economic situation, the USA economic situation and the forecast for future I will use subjects like:

.International and Spanish Economy: Important for understanding the basics of economy, the economic indicators and analyze the situation from a strategic point of view.

.Macroeconomics: Essential for understanding the global economic situation and interpret the economic indicators that we will see along the chapter.

.Microeconomics: It allows us to understand the basics in the relation between offer and demand and their characteristics.

Chapter4: External Analysis:

In this part we will keep talking about the environment, but focusing more on the environment closer to the company. We will use PESTEL and PORTER analysis.

In that part I will base my work on subjects such as:

.Strategic Management and Business Policy: Indispensable to do the strategic analysis and develop the strategy to compete in the market. We use it also for PESTEL, PORTER and SWOT analysis.

.Introduction to Business Sectors: Important to understand the different sectors of the economy and identify the companies that form them. Knowing the main sectors of the economy we can understand the relations between companies and analyze our own sector in the business.

Chapter 5: Location, Operative Analysis and Processes:

In chapter 5 I will comment on the location of the company and the reasons why we choose it. I will explain also how the company organizes and distributes its physical space establishing different areas according to the different service procedures.

I will base this part in the knowledge and information from courses like:

.Production and Logistics Management: Used to determine the location of the business and also the distribution in the office and the task planning. According to the

fact that the company is a service company we focus on the efficiency of tasks and processes.

.Business Economics I: This course gives a general view over management and marketing. The things learned have helped in both areas, in this chapter about where to establish the company.

.Introduction to Computers, Architecture of Information Systems and Information Systems for Business management: These courses allow the student to understand and be initiated in the management of information systems. These skills and knowledge are currently important in all companies, especially for the case of a service company.

Chapter 6: Human Resources and Organization:

In this part I will explain the human resources organization. We will start with the legal form of the company and after that I comment on the organization chart and the job analysis according to the different positions and its different tasks to develop.

In this chapter 6 I will apply what I learned in:

.Business Law: Needed to know the legal environment of the company, the responsibility of the owners and their rights and duties.

.Human Resources Management: Applied in the organization chart and the job analysis. It helps to describe each position responsibilities and duties.

.Labour and Business Legislation: It explains the framework in which the company develops its activity.

Chapter 7: Marketing Analysis:

In chapter 7 I analyze the market and we define the different policies that the company will follow on price, communication and market segmentation.

For this purpose I will apply what is taught in:

.Commercial Management and Marketing Service: Both needed to draw up the marketing policy and the commercial strategy. Also used for the SWOT analysis.

.Business Economics I: This course gives a general view over management and marketing. In this chapter it helped to choose what kind of policies we wanted for the business according to the business idea.

Chapter 8: Financial Analysis:

Every company needs financing to develop its activities and be able to invest in assets and as the investment that is, it needs to generate income and benefits to ensure its viability in the future. To analyze that, we will talk about the financial sources and we will forecast the income statement and the balance sheet for different scenarios.

The tools I am going to apply in this chapter come from courses like:

.Financial Accounting: Used to forecast the different financial statements.

.General and Analytical Accounting: Used to analyze the companies costs and essential for the economic and financial analysis to determine the viability of the company.

.Financial Management: Essential for the financial analysis and the understanding of investments and financial sources.

2.2. Objectives:

The main objective of this project is to do a business plan that will help to identify, analyze and describe the business opportunities. It will also analyze the feasibility of the company from a technical, economic and financial point of view and finally the business plan tries to identify and develop the strategies and procedures that will allow us to turn the opportunities in a feasible business.

It is important to remark that: "Even if you have the money, you still need a business plan. A plan shows you how to run the business. Without a plan you don't know where you are going and you can't measure your progress." Kleiner E. (2000).

For this reason, and in first place, I will **analyze the current economic situation**. I will comment the global economy, and after I will analyze the economy in the USA and in the State of Missouri and I will comment the situation for the financial sector and financial advisories.

Afterwards, a fundamental part of the project will be **external analysis** or strategic analysis. I will study the general environment and the competitors using basic tools like PESTEL Analysis and Porter's five-force model.

After the extern analysis I will proceed with the **internal analysis**, this part will cover multiple areas such as: Study of **operations and processes** to find a proper location for the company and establish the service processes. Another part will focus on **human resources** that will deal with the mission and company's values, the legal form, the organization chart and the jobs description.

We continue with the study of the **marketing strategy** that the company will follow. This part will consider the market segmentation and, according to the services the company offers, the Marketing Mix (price, product, publicity and place).

The next part is the **financial analysis**; I will forecast the financial situation of the company using forecasted financial statements in three different scenarios. The main purpose is to demonstrate that the company can be feasible.

After making the external and internal analysis I will be able to identify the opportunities and threats and also the predictable strengths and weakness of the company. This strategic information will be used to make the SWOT analysis, which will be the summary to take profit of the strengths and opportunities and try to overcome and fight the threats and weaknesses.

All the ideas and information from the different parts will be sum up in the **conclusions** part.

Besides the main objective of the business plan (how to set up a company), I would like also to underline other important objectives that are part of the project in general or particular chapters. I would like to show that there is an **unsatisfied necessity** that market has (individuals, families and companies) concerning how to be more efficient in their financial costs and having a better understanding on where they invest their money. These needs will suppose an **opportunity** for our company and will give us the possibility of making business by covering it establishing **win-win relations** with our customers.

- Show the current panorama for the financial sector, explaining the situation, how we have arrived to this and a forecast for the short-term.
- To show the big importance of investing only when the investor knows the risks and the returns relation. It is very important to understand the characteristics of the investment and many times people need a professional opinion. This is one of the main services that the advisory provides.

- To show that there are financial inefficiencies in small companies that do not have their own financial team. This is also one of the main services that the company will provide.
- Expose a business plan that, especially after the financial crisis, helps people and companies to control their investments and in case of companies their financial expenses.
- Establish a proper management policy and marketing policy according to the company's characteristics and the scenario where it will develop its activity.
- Demonstrate the economic and technical feasibility for the company and its probabilities to success on different scenarios. To do that we will base us on the financial analysis part.

2.3 Methodology.

This business plan is the first step and the most important one in the process of the creation of the company to determine its feasibility and the global strategy and policies.

In order to make this project I have followed a certain methodology that consists of formal aspects and investigation aspects.

Regarding the formal aspects, the business plan has been made according to the normative for final degree projects approved by the Business Administration Faculty. According to the regulations, the content will consist of: index, summary, object and related courses, objectives, methodology, recent past and current situation, external analysis (strategic), internal analysis (operative, processes, organizational, HHRR, marketing and financial), SWOT analysis, conclusions, bibliography and annexes.

Quotes from different authors are exposed following the norm ISO 690/1987 and ISO 690-2/1987.

So that, as it accomplishes the regulations and according to the topic, I can affirm that the business plan fulfills the following conditions:

- . It is original.

- . It is based on real problems.

- . It is based on courses taken by the student and related to the project.

. It is related to the tasks that a business manager can do.

. It eases a future real activity.

The project will also include graphics and tables as tools to explain information and make it more comfortable to read and understand. This tables and graphics will have a number and will be find in the index for graphics and tables.

Regarding the investigation aspects, many different sources of information have been consulted, either in physical or virtual support. They have been in general secondary information sources, which means information already issued and synthesized. The most important sources have been books from the library, data bases and web pages that, in addition to the personal experience and the project's tutor advice, have proportioned a big source of important and useful information.

The process of gathering information follows the basic steps of the scientific method, and is also commented on by Abrams R. (2000). These steps can be summarized in:

- 1/ Information research.
- 2/ Information analysis.
- 3/ Evaluation and conclusions.

3.

Project
justification.
Recent past and
current
situation.

3. Project justification. Recent past and current situation.

3.1. Introduction:

In this chapter, I will give a global view about the economic situation to better understand the world in which we are going to develop the business activity.

In the next paragraphs, we will talk about the project justification, and inside this part we will comment on the business idea for the company *MAEMAR FINACES*. We will also explain why a company like this can meet the needs of the market and how doing that it can be feasible and an interesting and profitable investment.

Afterwards, we will analyze the situation of the global economy and the economy in the USA. For understanding the current situation we will start with a view of the recent past, and once I have presented the backgrounds I will introduce the present state of the economy, the main characteristics and the main problem to try to understand how this can affect the future company and how this environment can change in the near future.

3.2. Project justification:

The idea of creating *MAEMAR FINANCES* as a financial advisory and consulting company comes from the personal curiosity and the aim of applying the knowledge gained in the degree in a project that can be turn into reality in the future.

This project is the first step to express the business idea and gather the information needed to set up a company with a realistic plan. Also, it was important for me that the business would cover a real need in the market because only something interesting to the consumers can succeed.

Referring to this point, I believe that the services the company provides will meet needs in the market. With the instability that reigns in the financial markets and in the economy in general, people and companies need more than ever a professional service that helps them in the difficult and complex decision of making an investment.

This service will be the main service provided by *MAEMAR FINANCES*, but not the only one. The second major activity would be financial advisory for cutting expenses in companies. This service will be focused on medium and small companies in the beginning, because usually smaller companies don't count with a financial team that analyzes their Statements from a professional point of view.

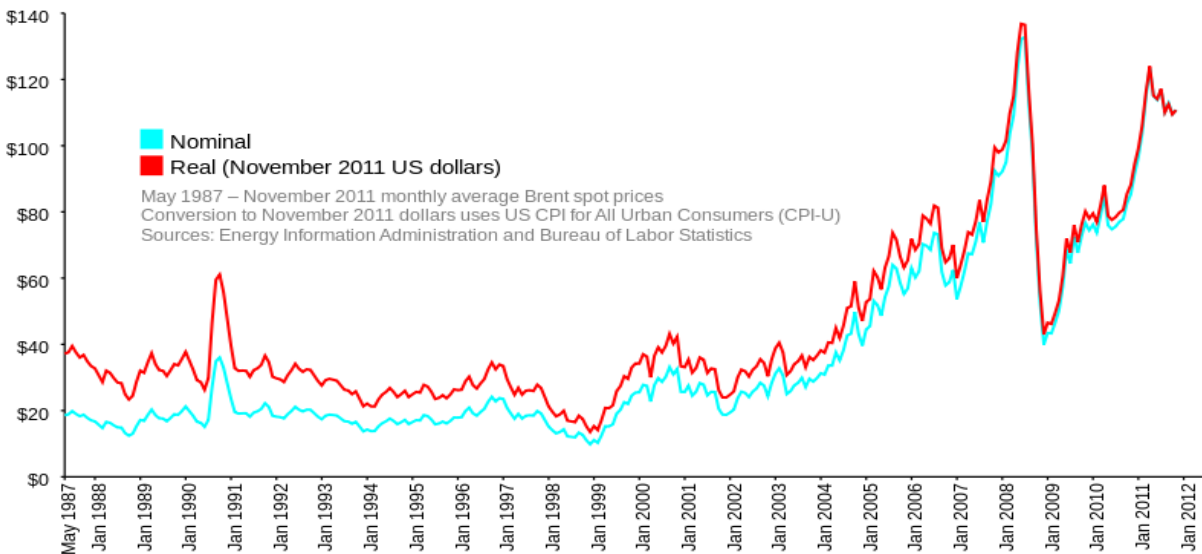
So we can conclude that in a financial world that becomes more and more complex and unstable, and in a situation of economic crisis and low levels of confidence in the markets, people and companies need more than ever a professional and affordable advice.

3.3. Recent past and current situation:

When talking about the recent economic situation we have to start mentioning the biggest event in the recent past, which is the financial **crisis** that shocked the international markets in 2008 and whose effects are still present in the in 2012.

Precedents: The decade of the 2000s has been characterized by a continuous and constant increase in **commodity prices**, especially in crude oil and food products. The two main reasons of this increase in price has been the Chinese growth with has increased the demand for petroleum and the instability in the Mid-East, which is one of the bigger productive areas.

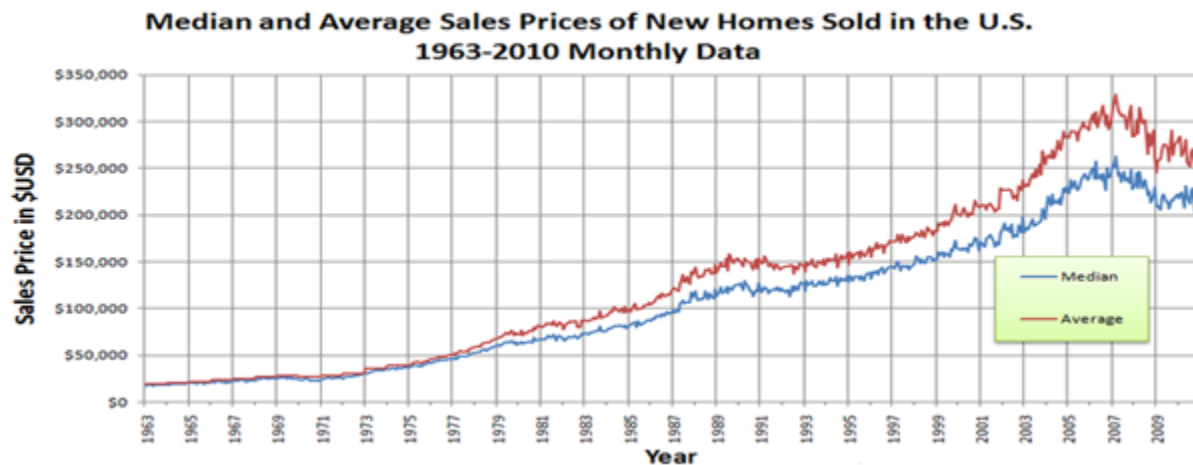
As an example, we can mention that the crude oil reached \$100/barrel in January 2008 for the first time. Right now, March 2012, the price is \$121.98 but it has been close to \$147 due to offer and demand factors and probably speculation too.



Graphic number: 1

Source: Wikipedia USA economy

Beginning: December 2007 was the beginning of the recession according to the U.S. National Bureau of Economic Research. The immediate trigger of the crisis was the bursting of the **housing bubble**, which peaked between 2005 and 2006. The subprime mortgages had higher risk of default than loans to prime borrowers, but this was not an inconvenience to develop mortgage-backed securities that banks shared with other investors and banks in securities and packets distributed all over the world.



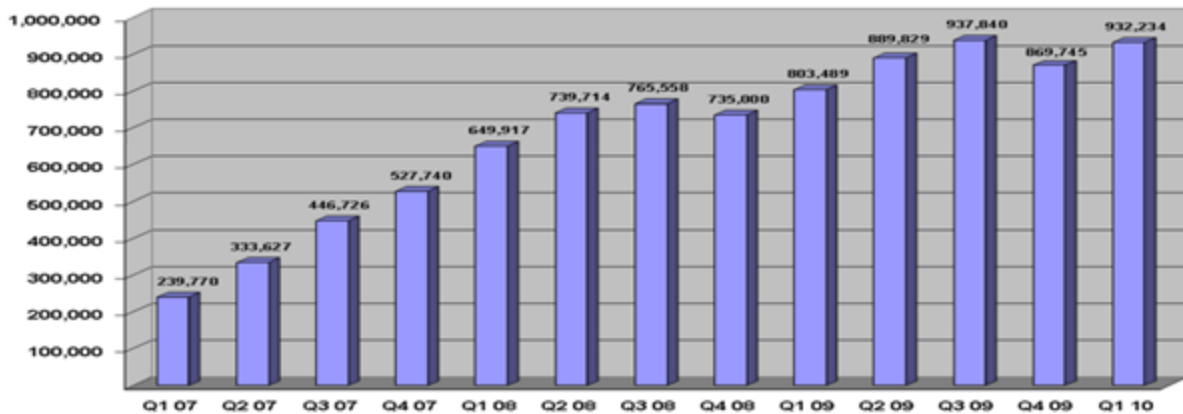
Graphic number: 2

Source: U.S. Census Bureau

When the prices of houses started to fall and customers were not able to repay their loans, those mortgages and mortgage-backed securities became **toxic assets**, losing a great part of their value and causing losses of billions of dollars to their holders.

As long as the householders could not pay their mortgage payments the number of foreclosure processes increased dramatically, which means that the lender takes possession of the property.

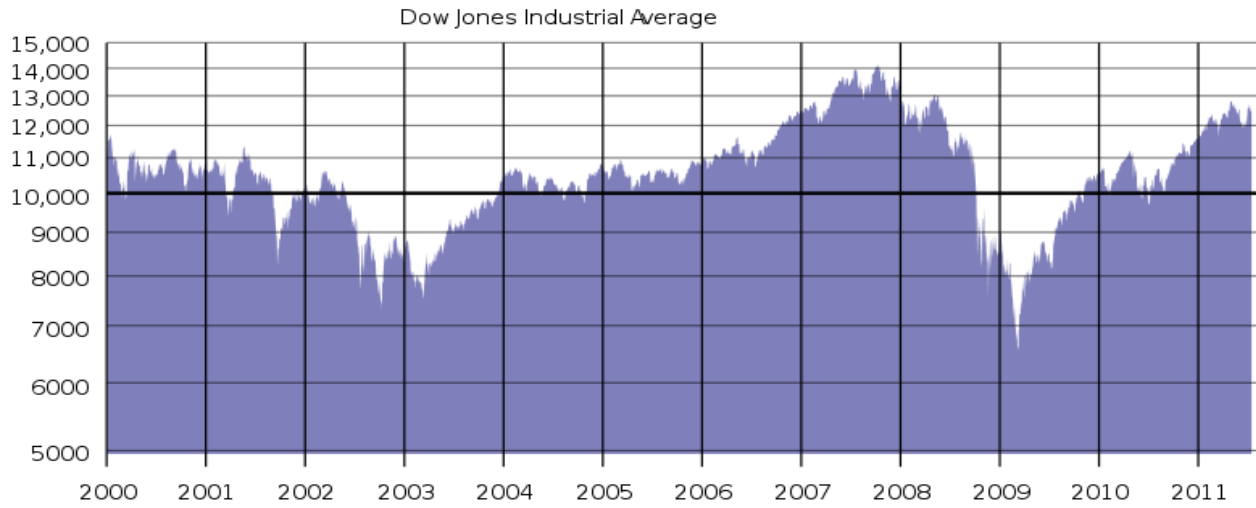
U.S. Properties with Foreclosure Activity



Graphic number: 3

Source: U.S. Census Bureau

Consequences: The consequences of the toxic assets were that **mistrust** appeared in the markets, banks didn't want to lend money to other banks or companies and that it caused a slowdown in the economy. At the same time, toxic assets and mistrust started a chain reaction in **stock markets** from the entire world making them fall to minimum levels. Credit was paralyzed between banks and also between banks and companies so that consumption and investments decreased, especially investments in durable goods which are usually the most important investments for the economy growth, which translated into a slowdown of **GDP growth rate** before 2008 and a deep recession in 2009.



Graphic number: 4

Source: Wikipedia USA Economy



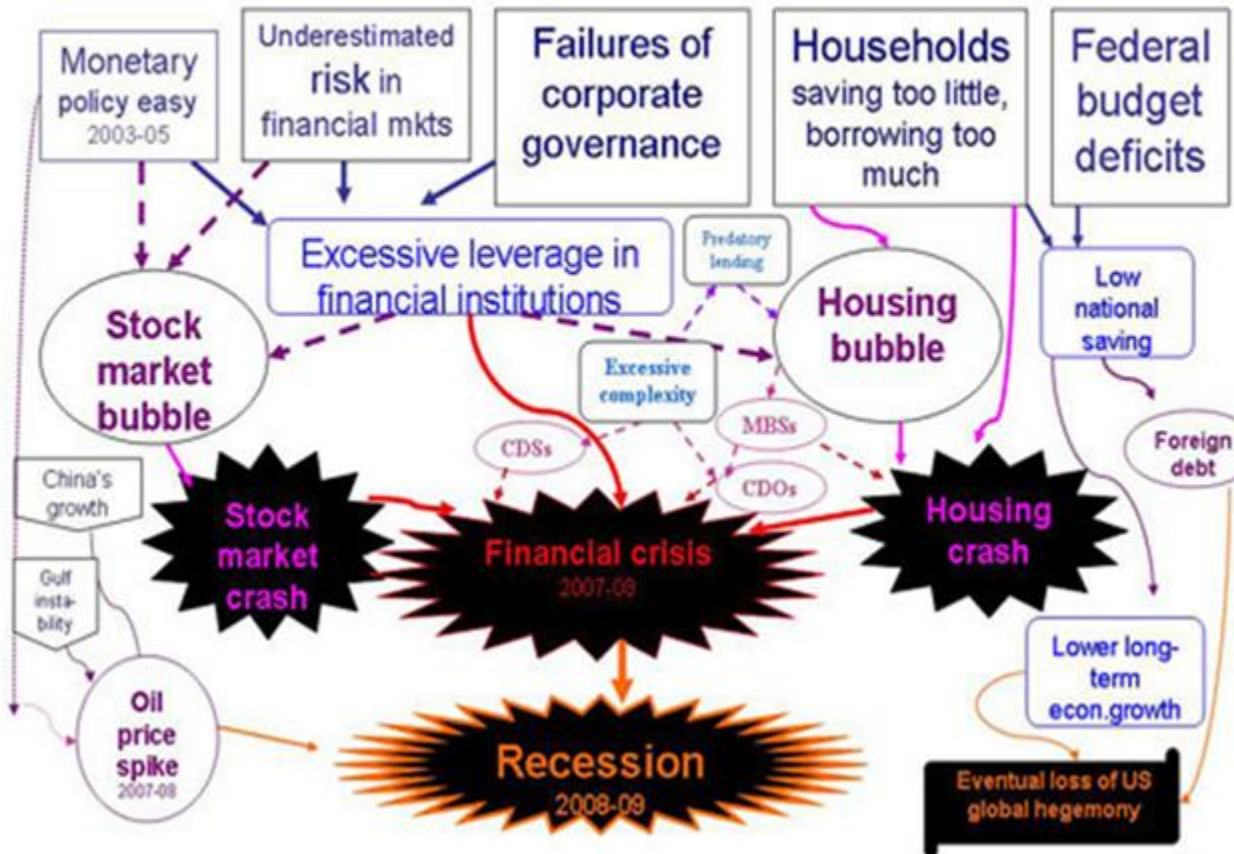
Real GDP growth is measured at seasonally adjusted annual rates.

Graphic number: 5

Source: Wikipedia USA Economy

Below we can see a slide that explains the financial crisis relations and origins:

Origins of the financial/economic crises



Graphic number: 6

Source: The New York Times newspaper.

Now we are going to introduce briefly the **USA economy** and its **current situation**.

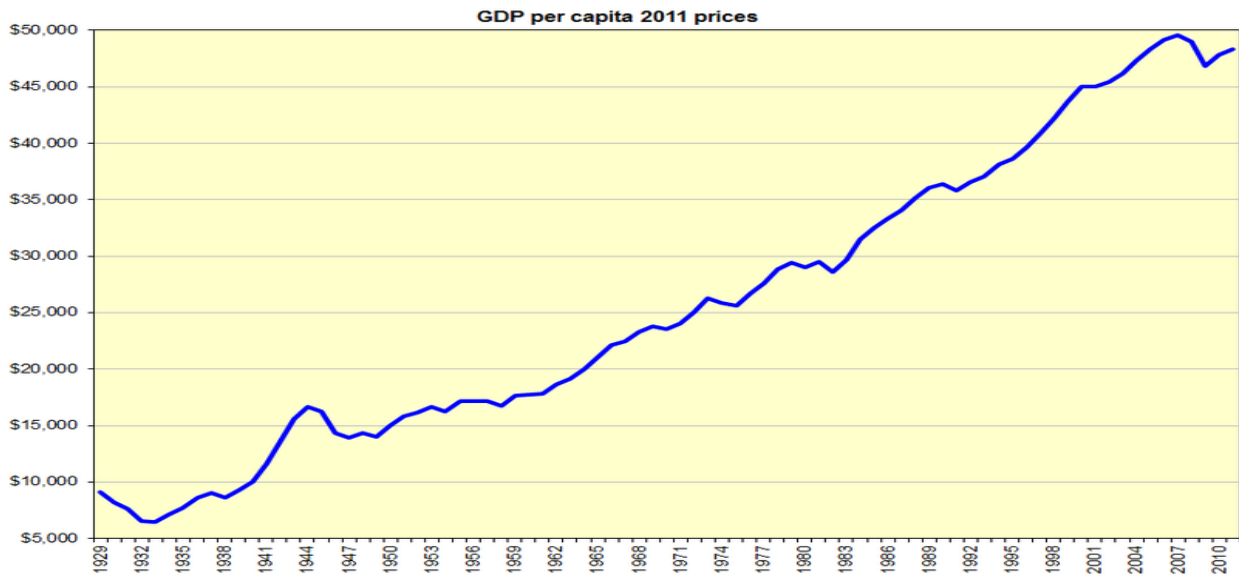
Some data:

The economy of the United States is the world's largest national economy with a GDP estimated over \$15 trillion in 2011 and a per capita GDP of \$48,147, making USA one of the wealthiest nations.

The economy follows the typical structure of highly developed economies; in this case **services** suppose a 76.7% of the GDP, followed by industry with a 22.1% and agriculture with the 1.2%. The labor force is 154.4 million people which are distributed by **occupation** as follows: farming, forestry, and fishing: 0.7% manufacturing, extraction, transportation, and crafts: 20.3% managerial, professional, and technical: 37.3% sales and office: 24.2% other services: 17.6%.

Exports: \$1.474 trillion (2011 estimate). Agricultural products (soybeans, fruit, corn) 9.2%, industrial supplies (organic chemicals) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment) 49.0%, consumer goods (automobiles, medicines) 15.0%. The three main export partners are: Canada with 19.4%, Mexico with 12.8% and China with 7.2%.

Imports: \$2.239 trillion (2011 estimated). Agricultural products 4.9%, industrial supplies 32.9% (crude oil 8.2%), capital goods 30.4% (computers, telecommunications equipment, motor vehicle parts, office machines, electric power machinery), consumer goods 31.8% (automobiles, clothing, medicines, furniture, toys). The import partners are China with 19.5%, Canada with 14.2% and Mexico with 11.8%.



Graphic number: 7

Source: Wikipedia. USA Economy

Characteristics overview:

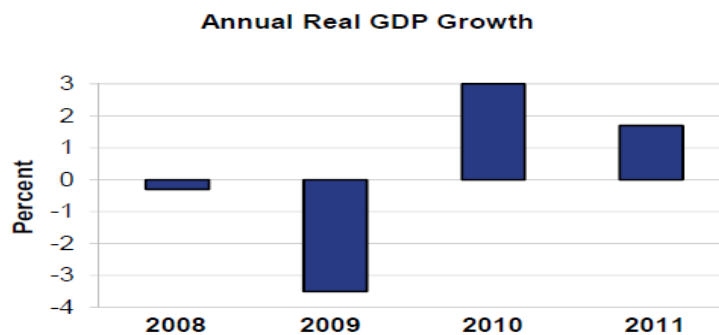
- 1/ Economic freedom. Powerful private sector and developed property rights.
- 2/ Mineral resources and fertile farm soil.
- 3/ Moderate climate.
- 4/ Extensive coastlines and rivers that connect the country with the world and the states between themselves allowing an economic unit.
- 5/ Number of workers and their productivity.
- 6/ Labor mobility to adapt to changing conditions.
- 7/ American government as one of the major investors in the American economy.

All these positive factors have contributed to generate a **positive environment** for business and today the United States is home to 29.6 million small businesses and 139 of the world's 500 largest companies.

Current situation:

“History makes clear that failure to put our fiscal house in order will erode the vitality of our economy, reduce the standard of living in the United States, and increase the risk of economic and financial instability.” Ben S. Bernanke, (2011)

The International Monetary Fund forecasts a growth of 1.5% in the American GDP for 2012, after an estimated real growth of 1.7% for 2011 and 3.0 % in 2010. This **slowdown** can be explained partially as an effect of the reduction in inventory investment and government spending, which has decreased on the largest amount since 1971.



Graphic number: 8

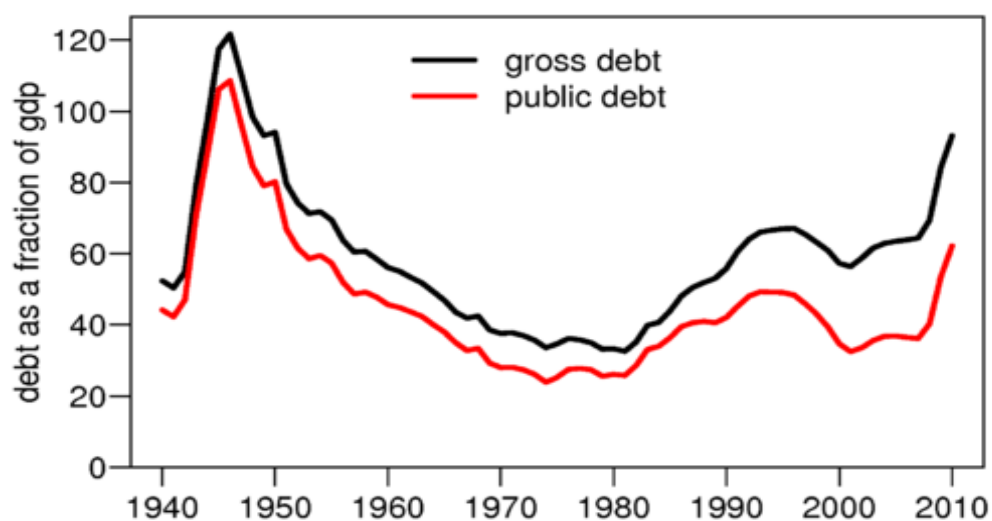
Source: Wikipedia, USA Economy

The main problem in the U.S. is the **fiscal imbalances** due to high deficits and an economy that doesn't recover its growth with strength. Deficit is increasing because revenues from taxes have decreased and expense has increased in many areas; for example expenses in health care.

According to a forecast by the International Monetary Fund, if there are not adjustments in taxes and government payments it will not be possible to reduce the gap and next generations will suffer the consequences.

In the United States, there continues to be **disagreement** between Democrats and Republicans regarding the United States debt. On August 2, 2011, President

Barack Obama signed into law the **Budget Control Act of 2011**, averting a possible financial default. During June 2011, the Congressional Budget Office called for "...large and rapid policy changes to put the nation on a sustainable fiscal course."



Graphic number: 9

Source: Wikipedia, USA Economy

Also, the American recovery is threatened by the tensions in the euro area and **fragilities elsewhere**. Financial conditions have deteriorated growth all over the world and risk has escalated, also in the USA. This is largely because the euro area economy is now expected to go into a mild recession in 2012 as a result of the rise in sovereign yields, the effects of bank problems on the real economy, and the impact of additional fiscal consolidation.

3.4. Conclusions:

After what we have seen we can conclude that the U.S. is a country that provides a good environment in general for the company and the activity that we will carry out as a financial advisory.

The economy was recovering from the financial crisis at a good rate but the last GDP estimations have shown a **slowdown** in the growth caused by the cutting in public expense, the **financial imbalance** and the tensions and problems all over the world and especially in the euro area.

Despite this, we can think that the crisis will be an **opportunity** for our business because now people became more risk adverse and will demand more professional advice for their investments. We will find also a business opportunity with companies that want to cut financial expenses to rebalance their statements in order to be more efficient.

“I predict future happiness for Americans if they can prevent the government from wasting the labors of the people under the pretense of taking care of them.”-
Thomas Jefferson.

4.

External analysis.

PESTEL analysis.

Porter five forces.

4. External analysis. PESTEL and Porter analysis.

4.1. Introduction.

In this chapter I am going to analyze the environment in which the company will develop its activities. The environment has a very important influence on the company and its possibilities of being feasible and profitable. Depending on the point of view, we can talk about macro-environment or micro-environment.

Starting with the **macro-environment**, I will focus on the characteristics of Missouri. After that general view, I will analyze the **micro-environment** by commenting on Springfield's characteristics. Once we understand the environment, I will analyze how it can affect the competitiveness of the company using the **PESTEL analysis**. To finish this chapter, I will study the competitive environment using the **Porter model**.

4.2. External analysis. PESTEL analysis.

In a global world, bonds between different countries and regions become more important and stronger, so we need to study those relations and the impact that they may have in the company. In this chapter, I will deal with the environment that affects the company using the information from the main economic indicators from national and international sources, some public sources and others private.

We have already commented in chapter 3 that the world in general is experiencing difficulties and a **decrease** in the growth rate. Also, the U.S.A is experiencing this diminution and the forecast growth in GDP is 1.5% for 2012. (Check chapter 3 for more information).

Macro-environment: I will focus on Missouri's economic situation because it is the state where the company will open and so its situation affects the business more deeply. I will start with the basic characteristics of the economy and I will comment on some of the most important economic indicators.

Missouri's economy features:

-Agriculture and tourism:

Missouri remains important agriculturally; with over 100,000 farms, the state ranks second only after Texas. The most valuable farm products are soybeans, corn, cattle, hogs, wheat, and dairy items. The development of resorts in the Ozarks, including Branson and several lakes, has boosted tourism income.

-Manufacturing and mining:

Transportation equipment is, by far, Missouri's leading manufacturing sector. Products include airplanes, barges, railroad cars, truck and bus bodies and truck trailers. Missouri is considered a leader in the production of automobiles and trucks.

Dairy processing plants and beer breweries make the food processing sector Missouri's second in the manufacturing industry. Manufacture of chemicals (fertilizer, insecticide, paint, pharmaceuticals, soap) ranks third.

Lead, limestone (cement and crushed stone for roads) and coal are the most important mined products of the state. Missouri leads the states in the production of lead. Copper, silver and zinc are also produced by the lead mines.

-Services:

The community, business and personal services sector, providing private health care, hotels, data processing services and professional sports franchises is Missouri's leading service group. Ranking second is the wholesale (farm products, automobiles, groceries) and retail (automobile dealerships, department stores, restaurants) trade

sector. The **finance, insurance and real estate sector** ranks as Missouri's third most important service group. St. Louis and Kansas City are among the Midwest's leading financial cities.

Missouri in numbers:

Missouri's Gross Domestic Product (GDP) totaled over \$244 billion in 2010 according to advanced data estimates from the U.S. Bureau of Economic Analysis. Missouri GDP increased by 2.5% from 2009 to 2010, while the U.S. averaged a 3.8% increase for the period. Every state increased GDP in 2010 after most underwent GDP declines in 2009.

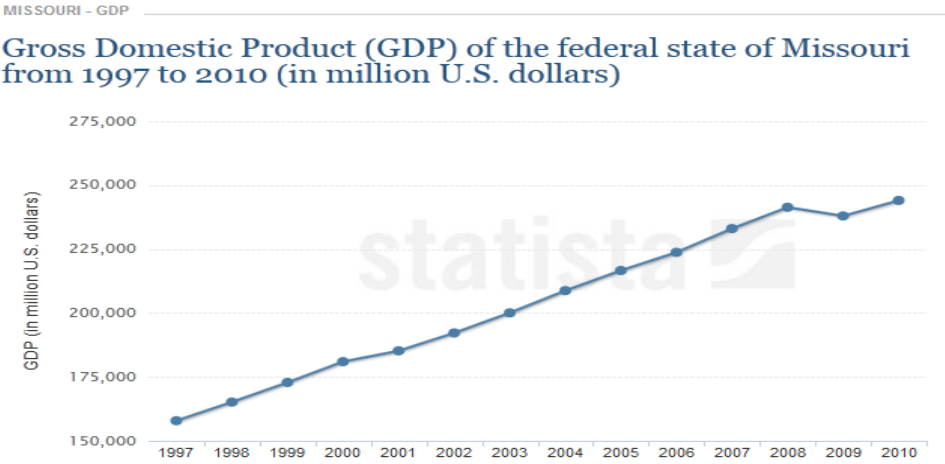


Table number: 10

Source: Statist, from US Census Bureau

Missouri had the 22nd largest Gross Domestic Product among the states in 2010. Of the surrounding states, only Illinois (5th) and Tennessee (19th) have larger economies.

Below, we can see the Gross State Product (millions of current dollars).

State	GSP	Rank
California	\$1,901,088	1
Texas	\$1,207,494	2
New York	\$1,159,540	3
Florida	\$747,735	4
Illinois	\$651,518	5
Pennsylvania	\$569,679	6
New Jersey	\$487,335	7
Ohio	\$477,699	8
North Carolina	\$424,935	9
Virginia	\$423,860	10
Missouri	\$244,016	22

Table number: 11

Source: Made by author using data from missourieconomy.org

The table below describes the main industries in Missouri, pointing out the amount of millions of dollars and the relative contribution to GSP.

As we can see, the finance and insurance sector has a value of \$16,111,000,000. This industry is the 4th biggest in Missouri after manufacturing, real estate and government.

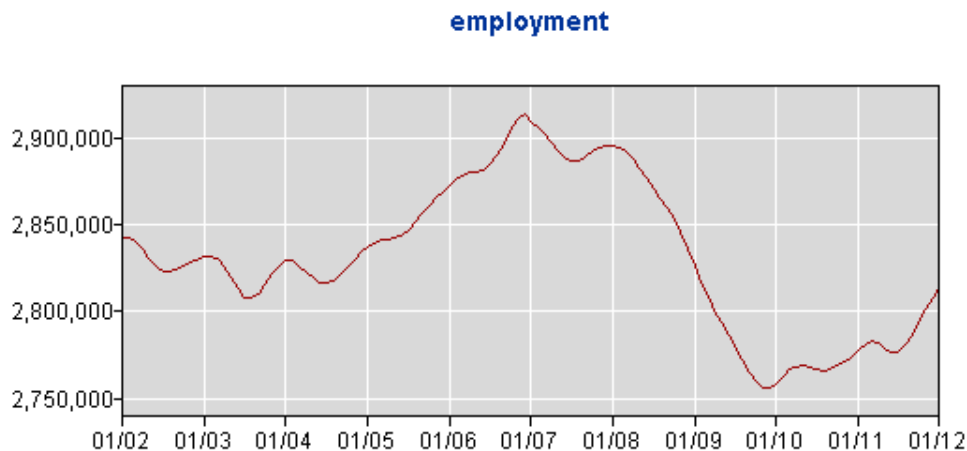
2010 Missouri Gross State Product (millions of current dollars)

Industry	GSP (Current \$M)	% Total GSP
All industry total	\$244,016	100%
Private industries	\$212,363	87.03%
Agriculture and forestry	\$3,737	1.53%
Mining	\$326	0.13%
Utilities	\$4,505	1.85%
Construction	\$7,669	3.14%
Manufacturing	\$30,903	12.66%
Durable goods	\$16,077	6.59%
Nondurable goods	\$14,826	6.08%
Wholesale trade	\$14,764	6.05%
Retail trade	\$15,676	6.42%
Transportation	\$8,343	3.42%
Postal Service	\$13,434	5.51%
Finance and insurance	\$16,111	6.60%
Real estate and rental and leasing	\$25,378	10.40%
Professional and technical services	\$15,630	6.41%
Management of companies	\$6,822	2.80%
Administrative and waste services	\$7,628	3.13%
Educational services	\$3,440	1.41%
Health care	\$21,876	8.96%
Arts, entertainment, and recreation	\$3,022	1.24%
Accommodation and food services	\$6,678	2.74%
Other services	\$6,419	2.63%
Government	\$31,653	12.97%

Table number: 12

Source: made by author using data from missourieconomy.org

Employment is also one of the most important economic variables to analyze. As we can see in the following graphic, the number of workers varies, depending on the economic health and future perspectives. We find the highest level of employment in 2007, before the financial crisis started, and the lowest at the end of 2009. Currently, the employment rate is growing with a small recovery of the economy; and in January 2012, it surpassed 2,800,000 workers.



Graphic number: 13

Source: U.S. Department of Labor.

To complete the employment analysis, I must comment on the **unemployment rate**. As expected, it reacts in opposite direction to the employment levels. This graphic is especially interesting to understand the impact of the economy on the unemployment rate. We find the lowest rates in 2000 and especially high rates after the crisis in 2008. After all of the government efforts and policies were applied for recovery, the rate started to decrease from 2009 to present day. We can also see the unemployment in Missouri compared to the national rate, which allows us to understand the situation in Missouri compared to the country in general. Today, unemployment in Missouri is slightly lower than the national average.

Unemployment Rate: Missouri, National



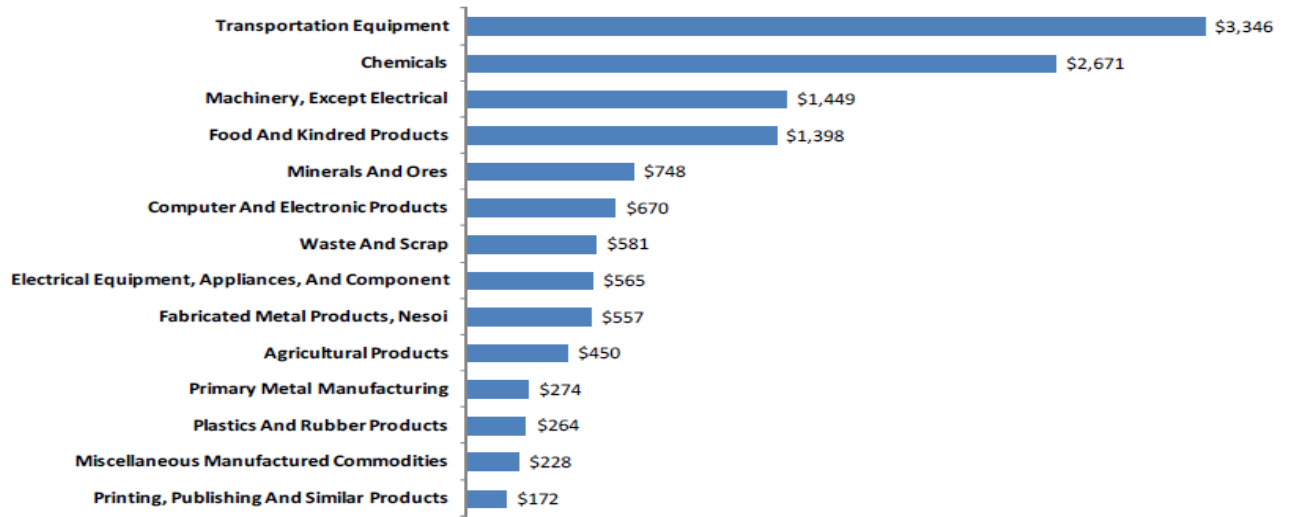
Graphic number: 14

Source: U.S. Department of Labor.

Another main variable that explains the situation of an economy is the **exports**: the amount, the products, and the destination. Therefore, I am going to introduce information about the main exports of Missouri and its export partners.

In 2011, Missouri exported \$14.1 billion, which is a 9 percent growth from the 2010 total, according to the U.S. Census Bureau Foreign. Four industries exceeded \$1 billion in exports and account for 63 percent of all 2011 exports: Transportation Equipment (\$3.3 billion), Chemicals (\$2.7 billion), Machinery (\$1.4 billion), and Food and Kindred Products (\$1.4 billion). Below, we can see the top ten export partners for 2011.

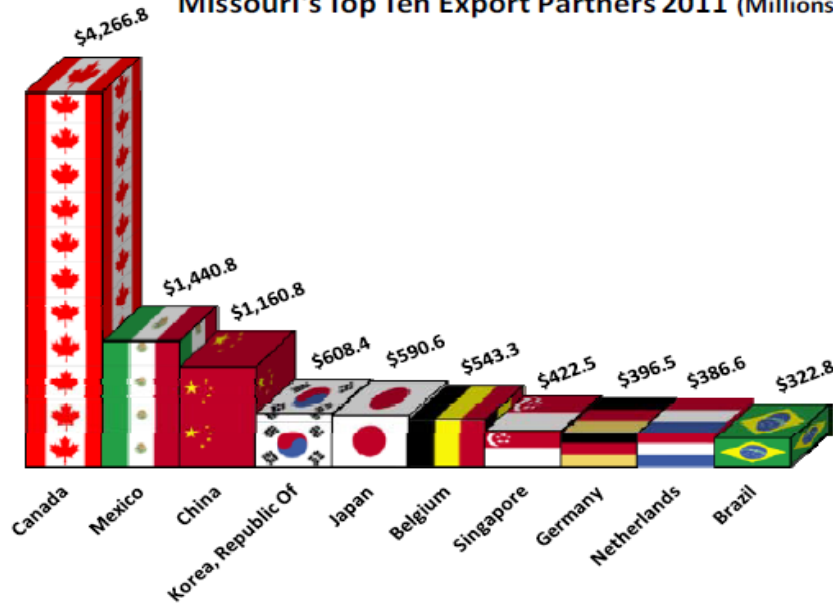
Missouri's Top Fourteen Exports in 2011 (Millions)



Graphic number: 15

Source: missourieconomy.org

Missouri's Top Ten Export Partners 2011 (Millions)



Graphic number: 16

Source: missourieconomy.org

The environment affects most of the variables in business. I present now some of the most important conclusions of a study made by The World Bank about the **ease of doing business**. As we will see below, the U.S.A. is 4th in rank out of 183 economies. The following tables summarize the key indicators and benchmark against the high-income economies (OCED) average.

ECONOMY OVERVIEW							
REGION	OECD high income	DOING BUSINESS 2012 RANK	4	DOING BUSINESS 2011 RANK	4	CHANGE IN RANK	0
INCOME CATEGORY	High income						
POPULATION	309,712,000						
GNI PER CAPITA (US\$)	47,140.00						

TOPIC RANKINGS	DB 2012 Rank	DB 2011 Rank	Change in Rank
Starting a Business	13	11	↑ -2
Dealing with Construction Permits	17	17	No change
Getting Electricity	17	16	↑ -1
Registering Property	16	11	↑ -5
Getting Credit	4	4	No change
Protecting Investors	5	5	No change
Paying Taxes	72	70	↑ -2
Trading Across Borders	20	20	No change
Enforcing Contracts	7	7	No change
Resolving Insolvency	15	14	↑ -1

Table number: 17

Source: The World Bank

As we can see, after considering all these different variables, the U.S. is one of the best countries in the world to do business.

It is **easy to start** a business; there are only 6 procedures to do. Such procedures involve an interaction between company founders and external parties (e.g., government agencies, lawyers or notaries). It is **fast** to register the firm: only 6 days in average according to the study. It is relatively **cheap** to other countries, and it doesn't need a previous deposit before registration.

Indicator	United States	OECD high income	OECD
Procedures (number)	6	--	5
Time (days)	6	--	12
Cost (% of income per capita)	1.4	--	4.7
Paid-in Min. Capital (% of income per capita)	0.0	--	14.1

Table number: 18

Source: The World Bank.

.Procedures: The total number of procedures required to register a firm.

.Time: The total number of days required to register a firm. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments.

.Cost: Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law.

.Paid-in Minimum Capital: The amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the economy's income per capita.

Other important thing in business is the possibility to get credit. According to the World Bank studio, US are the 4th in the rank talking about **access to credit** for companies.

Indicator	United States	OECD high income	OECD
Strength of legal rights index (0-10)	9	--	7
Depth of credit information index (0-6)	6	--	5

Table number: 19

Source: The World Bank.

Strength of legal rights index: This index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending.

Depth of credit information index: This index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau.

In regard to **protecting investors**, the US is ranked 5th, which means that there are tools and procedures for the investors in order to defend their position and rights. This makes easier the investment in companies as long as investors operate in a secure environment.

Indicator	United States	OECD high income	OECD
Extent of disclosure index (0-10)	7	--	6
Extent of director liability index (0-10)	9	--	5
Ease of shareholder suits index (0-10)	9	--	7
Strength of investor protection index (0-10)	8.3	--	6.0

Table number: 20

Source: The World Bank.

Extent of disclosure index: This is a measure of the transparency of transactions.

Extent of director liability index: This is a measure of liability for self-dealing by directors.

.Ease of shareholder suit index: This is a measure of shareholders' ability to sue officers and directors for misconduct.

.Strength of investor protection: This index is an average of the Extent of Disclosure index, the Extent of Director Liability index, and the Ease of Shareholder suit index.

Other parts important to mention are: the relative ease for trading across borders, enforcing contracts and resolving insolvency compared to other OECD countries. It is remarkable that, despite that in general the US has good positions compared to other countries; the part of **paying taxes** appears to be complex and the taxes are high.

Indicator	United States	OECD high income	OECD
Payments (number per year)	11	--	13
Time (hours per year)	187	--	186
Profit tax (%)	27.6	--	15.4
Labor tax and contributions (%)	10.0	--	24.0
Other taxes (%)	9.1	--	3.2
Total tax rate (% profit)	46.7	--	42.7

Table number: 21

Source: The World Bank.

.Number of payments: The total number of tax payments per year.

.Hours per year: The time it takes to prepare, file and pay (or withhold) the corporate income tax, the value added tax and social security contributions (in hours per year).

.Profit tax: The amount of taxes on profits paid by the business as a percentage of commercial profits. (27.6%)

.Labor tax and contributions: The amount of taxes and mandatory contributions on labor paid by the business as a percentage of commercial profits. (10%)

.Other taxes: The amount of taxes and mandatory contributions paid by the business as a percentage of commercial profit that are not already included in the categories of profit or labor taxes. (9.1%)

.Total tax rate: The total tax rate measures the amount of taxes and mandatory contributions payable by the business in the second year of operation, expressed as a share of commercial profits. (46.7%)

Micro-environment:

Springfield is going to be the city where I plan to open the business and it will be our main market during the first years, so we must analyze it and understand it as much as possible. In order to do that, I am going to comment on the most important data about the city and about the financial sector in Springfield.

Springfield overview:

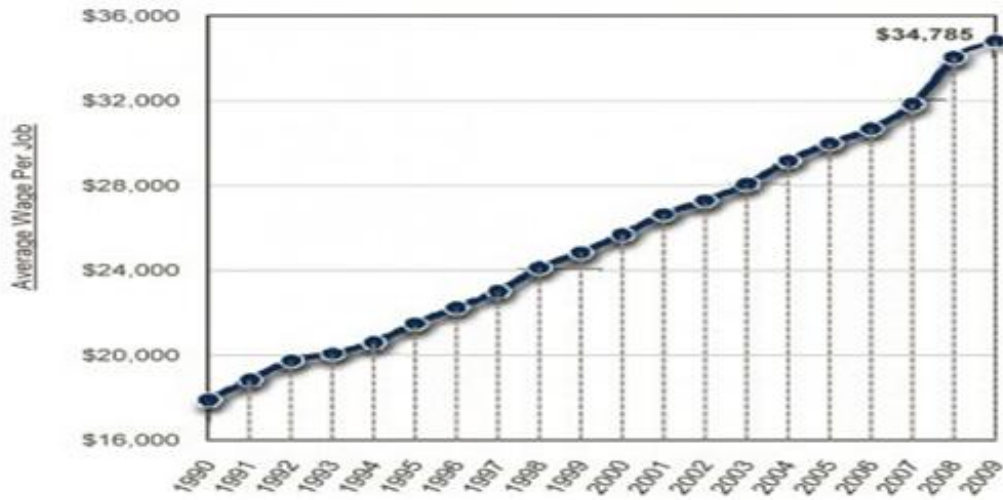
The metropolitan area has a **population** of over 436,712 people and its area of economic influence reaches 27 counties and 993,942 people. According to the Bureau of Census, the metro area has an annual growth of 1.9% per year.

The **workforce** of Springfield Metropolitan Statistical Area is 220,886 people and the **unemployment rate** is 6.60% (January 2012), which is approximately half a point below the national average.

According to the Missouri Department of Revenue, the **sales tax** is 7.60% in total (State: 4.225%; County: 1.250%; City: 2.125%); and **Corporate Income Tax** is 6.25%.

One of the most important data for a company that will advise people what to do with their money is to know how much money people have on average. The current **per capita income** is \$31,754, and the current average wage per job is \$35,299. As we can see in the graphic below, the tendency is increasing. The **minimum wage** is \$7.25 per hour.

Average Wage Per Job Trend Springfield MSA



Graphic number: 22

Source: USDC, Bureau of Economic Analysis 1990-2008

Now we can see the population organized by occupation:

Population by occupation	Springfield MO	U.S.
Management, business and financial operations	11.26%	13.81%
Professional and related occupations	21.08%	22.68%
Service	16.72%	14.51%
Sales and office	29.23%	25.22%
Farming, fishing and forestry	0.16%	0.68%
Construction, Extraction and Maintenance	8.44%	9.37%
Production, Transportation and material moving	15.45%	15.86%

Table number: 23

Source: Made by author using data from U.S. census.

And now a quick review of **banking and finance** in Springfield; As we can see below, the biggest amount for deposits are savings and time deposits, and the major lending activity is real estate followed by commercial and industrial loans.

Commercial bank deposits:

<u>Total deposits</u>	<u>\$3,242,457,000</u>
Checkable deposits	\$607,598,000
Saving and time deposits	\$2,455,814,000
IRA's	\$179,045,000

Table number: 24

Source: Made by author using data from Federal Reserve Bank 2003

Bank lending activity:

<u>Total Loans</u>	<u>\$3,091,232,000</u>
Consumer Installment	\$225,844,000
Farm	\$53,718,000
Commercial & Industrial	\$460,740,000
Real Estate	\$2,326,665,000
All other loans	\$16,883,000

Table number: 25

Source: Made by author using data from Federal Reserve Bank 2003

I will now discuss the **Finance and Insurance industry**, which is NAIC number 52, according to the North American Industry Classification system. This sector is 4th by size based on how much it means in terms of GSP, which is more than \$16,111 million.

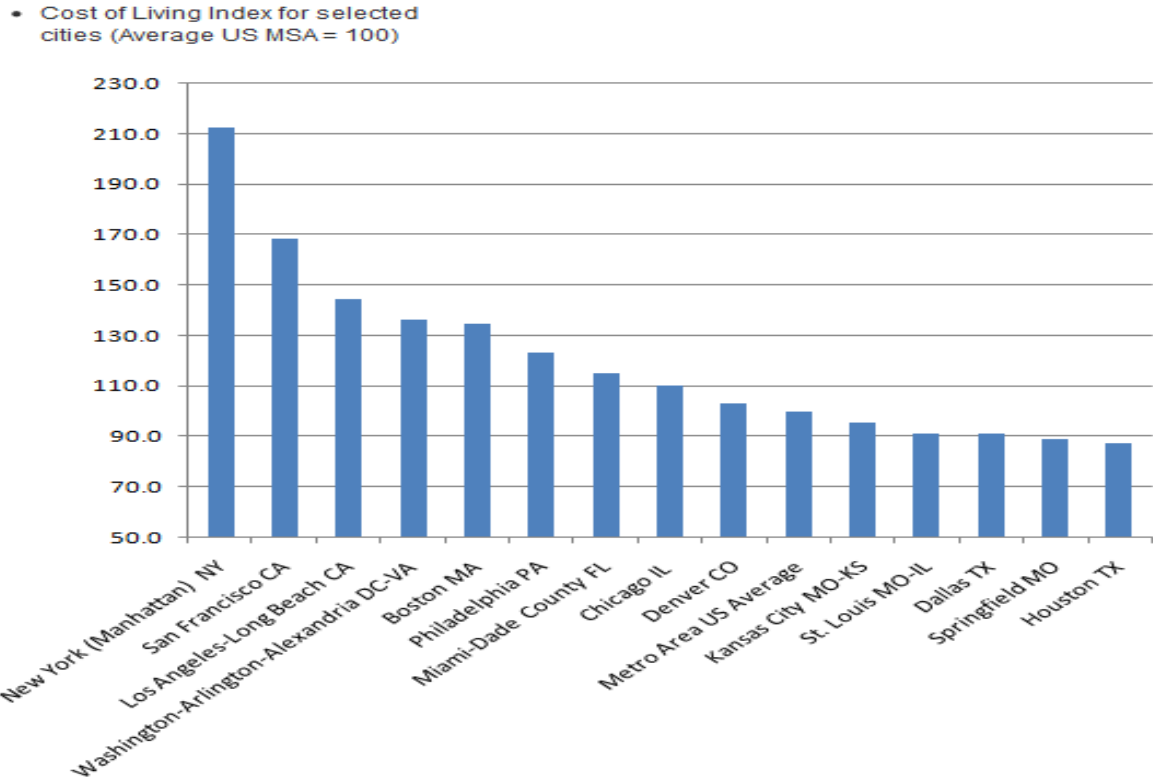
The business activity is investments advice, which is in the subsector number 52393 of Investment advice. This subsector has 237 establishments in Missouri and occupies 1,137 people.

NAICS code	Description	Employees	Total establishments
52	Finance and insurance	131,275	11,041
521	Monetary authorities-central bank	-	3
522	Credit intermediation and related activities	67,568	46,067
523	Securities, commodity contracts, investments	14,663	1,852
52393	Investment advice	1,137	237
524	Insurance carriers and related activities	47,238	4,506
525	Funds, trusts, and other financial vehicle	13	13

Table number: 26

Source: made by the author based on United States Census Bureau data.

I will comment now on the costs of living index. As we can see, Springfield is an affordable city to live compared to other big metropolitan areas of the country. The cost of living index is less than 90 points, compared to the national average of 100.



Graphic number: 27

Source: economicresearch.missouristate.edu

To finish with the Springfield overview, I present a view of the largest employers in Springfield and the approximate number of employees. The biggest employers represent companies from the main sectors like retailers, health care, and public services.

<i>Largest employers</i>	<i>Number of employees</i>
CoxHealth	9,100
St. John's Health System	7,900
Wal-Mart Stores	4,300
Springfield Public Schools	3,000
Southwest Missouri State University	2,665
Bass Pro Shops/Tracker Marine	2,640

PESTEL analysis:

1/ Political factors:

The United States, and other G-20 members, collectively have undertaken major financial sector reforms and strengthened the robustness of financial markets and institutions, while fostering a dynamic and innovative marketplace. The **U.S. financial reforms**, signed by President Obama in 2010, are fully consistent with financial stability, while avoiding fragmentation of markets and protectionism. Objectives:

- 1/ Strengthen bank capital and liquidity.
- 2/ Reduce risk posed by large systemically important financial institutions.
- 3/ Make derivatives market more transparent and safer.
- 4/ Establish global margin standards on non-centrally cleared derivatives.
- 5/ Identify parties to financial transactions.

"Reform will also rein in the abuse and excess that nearly brought down our financial system." - President Obama.

Besides the measures that affect directly the financial sector, we have to take into account that the government affects the whole economy with its policies and decisions on a macroeconomic and microeconomic level, and so the government influences all the sectors in the economy, also the financial sector.

Another factor related to politics is **stability**. Currently, we can't say that the political situation is stable, neither internally or internationally. The U.S.A. is going to celebrate general elections the 6th of November 2012, while both parties are focused on the campaign debating among themselves or with the government.

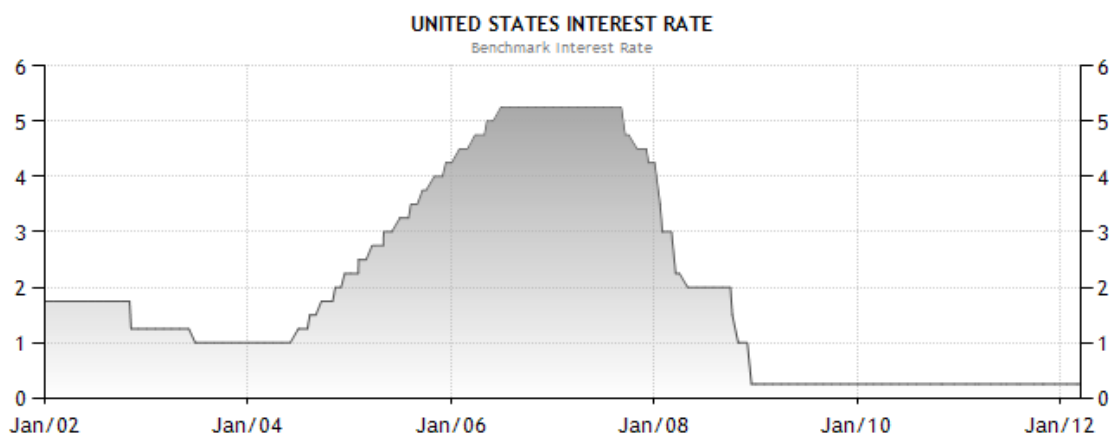
There is a big **uncertainty** about the political scenario in the medium-term. Republicans are deciding right now who will be the candidate to compete against president Obama and all the candidates have different points of view and proposals. Referring to the financial reform of 2010, republicans criticize the overhaul as an unnecessary government intrusion into private business, so it is possible that there will be more changes in future in case they win the elections.

2/ Economic factors:

The economy is growing but, as mentioned in previous chapters, **the growth is weak** and the forecast for 2012 is a positive increase of only 1.5%.

Talking about the **interest rates**, I must mention that they are at really low levels (0.25%). Recently, Federal Reserve has communicated that the monetary policy of low interest is going on for the next future to try to stimulate the fragile economy.

This is an extraordinary circumstance, but also necessary to ease money to flow in the financial system. It is also remarkable that from 1971 until 2010, the United States' average interest rate was 6.45%, reaching an historical high of 20.00 % in March of 1980 and a record low of 0.25 percent in December of 2008 that, as we can see in the following graphic, continues until present day.



Graphic number: 28

Source: Federal Reserve

Another economic factor that is important to know is **inflation**. The most recent data is that inflation was 2.9% in February 2012. Inflation affects the economy deeply and is one of the parameters that economics try to keep under control. High inflation rates are bad for economy but also negative rates can be very dangerous. In the next table, I present the most recent inflation rates to understand the present situation and the recent past.

Year	2006	2007	2008	2009	2010	2011
Inflation rate average	3.2%	2.8%	3.8%	-.04%	1.6%	3.2%

Table number: 29

Source: Made by author using data from usinflation.com

3/ Social factors:

Social environment also affects the economy and defines how the population in one area is, and therefore, who the customers are. There are some basic characteristics common to all developed countries, such as high importance of service sector (around 70%), low infant mortality rate (5.98 out of 1,000 in the U.S.), life expectancy (78.3 years in the U.S.), high quality of health care, higher education levels etc.

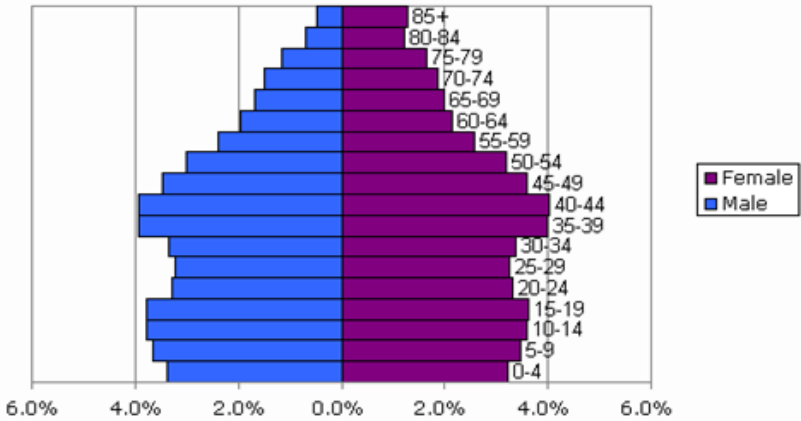
Now I will comment on the main **variables** related to population such as: growth rate, race distribution and age distribution pyramid. The population in Missouri in 2010 was 5,988,927 inhabitants, which means a growth of 7.04% since 2000. We can have a look to the race distribution in the table below.

Races	Missouri	USA
Whites	82.8%	72.4%
Blacks	11.6%	12.6%
Asians	1.6%	4.8%
Natives	0.6%	1.1%
Latino Origin	3.5%	16.3%

Table number: 30

Source: made by author based on U.S. Census Bureau data.

And to finish the social factors, here we can see the **population distributed by age**. This data can be very important for the future company because every stage of life usually implies different financial activity. In general, older people tend to look for more secure investments while young people usually take more risks in expectations of greater returns. The **education** levels are also important for our activity. Usually the higher education a person has, the higher his or her financial resources will be.



Graphic number: 31Source: censusscope.org

4/Technological factors:

From the point of view of technology, there are two main areas that will have a high importance. The first one is the use of technology on daily work, and the second the use of technology to communicate with our clients.

Talking about the influence of technology on how the company will work, it is clear that financial world moves almost instantly reacting to the news around the world. Internet has caused a revolution in this aspect, making information flow immediate and allowing for quicker decisions without physical contact between the parts.

In finances and investment, computers are indispensable. We use them to follow the news minute by minute, to place investment orders in the market, to manage the relations with customers and other parts. Besides, an important consideration about computer equipment is the speed at which this kind of asset becomes obsolete. This forces a company to invest money usually in order to keep updated and offer the best service to the customers.

The other important area where technology is important to a financial advisory is communication. As mentioned before computers allow communication in many different ways, and all of them must be used depending on the situation. Emails, web page messages, and Skype will be the most important tools to communicate with clients that are not physically in the office. As financial advisors, we should use this media to communicate fluently with the customers and cover their needs developing a relationship based on trust.

5/Ecological factors:

There are not special regulations about ecology that may affect the business. The only consideration is that today customers are becoming more sensitive to environmental care. With regard to this social trend, we must try to align company activities with nature.

Other important thing to take into account is that in finance and investments there are also “**green products**” like funds that invest in green companies or funds that donate a part of the benefits to environmental associations.

6/Legal factors:

There are many regulations about finances, financial companies and financial advisories. It would be impossible to point out all of them, neither this is the purpose of this project. I will only comment on the basic regulations to have an idea and know the legal environment that will affect the company.

In the United States, the **Financial Industry Regulatory Authority (FINRA)** regulates and oversees the activities of more than 5,050 brokerage firms, approximately 172,050 branch offices and more than 663,050 registered securities representatives. A financial adviser or stock broker should be licensed to provide any consultation on investment in securities.

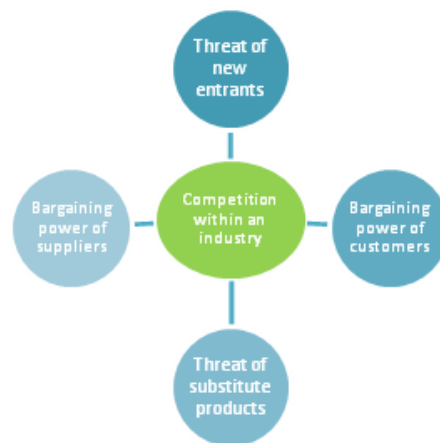
Typical licenses needed to promote the sale of stocks are the: Series 7 (General Securities exam), Series 63 (State Securities exam), and Series 65 or 66 Uniform Investment Adviser Law Exam. Generally, any **adviser who charges a fee for investment advice** would need to also have the **Series 65 or 66 licenses**. Thus, anyone can call themselves a financial planner, but they would still need FINRA licenses to provide advice for a fee or be registered as an investment adviser with the Securities and Exchange Commission in the USA.

Anyone in the business of providing financial advice can call themselves a financial adviser. There currently is not any regulation on the use of this title. To charge a fee for advice, one must pass the FINRA Series 65 test—The Uniform Investment Adviser Law Examination. To be a "Registered Investment Adviser" (RIA) or "Investment Adviser Representative" (IAR), one must pass the FINRA Series 65 exam or both of the FINRA Series 7 and Series 66 exams. Many brokerage firms still claim an exemption for their employees who sell fee based products and services.

4.3 Porter five forces analysis:

The main goal of Porter's analysis is to determine the competitive intensity in a market and by knowing this identify if it's profitable. This analysis tries to find sectors, business or opportunities that can generate profits greater than normal benefits in very competitive environments. The five forces are the following:

- **Threat of new competition:** Profitable markets that yield high returns will attract new firms. This results in many new entrants, which eventually will decrease profitability for all firms in the industry.
- **Threat of substitute products or services:** The existence of products outside of the realm of the common product boundaries increases the propensity of customers to switch to alternatives.
- **Bargaining power of buyers:** The ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes.
- **Bargaining power of suppliers:** The ability of suppliers to put the firm under pressure because they are unique or they have special products.
- **Intensity of competitive rivalry:** For most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.



Graphic number: 32

Source: Made by author based on Competitive Strategy. Michael E. Porter

Threat of new competition:

The threats of new competition can be moderately high. There are no big **barriers** to entry and the **capital requirements** are low, we only need an investment enough to open the office. The customer loyalty to already established advisories can be also high, but we can turn this weakness into strength if we convert them into our customers, and this can be possible satisfying better their needs than the competitors.

Threat of substitute products or services:

It is difficult to define the substitutes for investments services, almost every expense in products and services besides the living expenses can be considered as substitutes. In general, every expense that is not necessary for living and could be considered as an investment is a substitute.

I will consider substitutes all the services and products that entail medium and high expenses to our customers, decreasing their resources and therefore their investments capability. Some of the products and services that can be **substitutes** are: cars, travels, expensive brands clothes and in general all kind of luxury.

In this point, our objective as financial advisors will be to convince our customers to reduce some of those “luxury expenses” and invest their resources into profitable assets that will increase their wealth instead of decrease it.

Bargaining power of buyers:

All buyers are important, but their power will depend on the volume of the financial resources they entrust us and the possibility of increasing our relationships.

For buyers, switching costs are usually high because the relation customer-adviser is based on **mutual trust**, which is not quickly or easy to generate. This feature can be turned into our strength with satisfied customers.

Bargaining power of suppliers:

Investments may have different suppliers as there are many different investment possibilities. The main investments can be stocks, options, futures, treasure bills, bonds, houses... so the suppliers will be considered the people, companies or agencies that provide them.

I'm going to point out the U.S. government, which issues treasure bills, treasure notes and treasure bonds. The **New York Stock Exchange (NYSE)**, operated by NYSE Euronext, which provides a means for buyers and sellers to trade stocks, derivatives and other multiple assets. And concerning the house market, we can consider all the sellers as possible suppliers.

Intensity of competitive rivalry:

The **rivalry** between competitors can be high, but the flexibility of the company and the different style of customer management can generate a sustainable **competitive advantage**. The fact that our advisers will be young people highly educated and in permanent contact with financial and technological innovations, can make the difference with respect to our competitors.

The substitute services can be provided by other advisories similar to our company, our **competitors**, such as:

.EdwardJones: It can be considered as the leader in the financial-services industry. They operate in the U.S.A. and Canada and they have almost 7 million investors and a big net of offices. In Springfield they have 25 financial advisors.

Their Balance sheet shows a total assets and liabilities value of \$9,583 Million in 2011, which represents an increase of 16.28% compared to 2010. Their net revenue in 2011 increased 9.81% up to 4,509 Million.

.BKD Wealth Advisors: It is one of the 10 largest CPA firms in the U.S. They have 30 offices in different states like Arkansas, Colorado, Illinois, Indiana, Kansas, Kentucky, Mississippi, Missouri, Nebraska, Ohio, Oklahoma and Texas. Their headquarters are in Springfield Missouri. This company has total personnel of 2000 employees and their revenues for 2011 were \$402 million.

.Springfield Wealth Advisors: They are a small investment advisory located in Springfield with only office.

.Holmes and Griffeth: It is a financial planning firm that specializes in estate and retirement planning. They are a small Company with one office in Springfield.

4.4. Conclusions.

After analyzing the environment, we can conclude that Springfield is a good place to locate the company, although the economic circumstances are not favorable. Nevertheless, these circumstances can be turned into an advantage for the new company, and all **the turbulence and new regulations** can be an opportunity if we adapt quickly to the situation and offer our services from a new point of view focused on how to better serve the customer.

The growth of the economy is weak, but the interest rates are low, and the economic conditions in Missouri are better than in many other states. Besides, Springfield is a medium-size city with a population that keeps growing and the living costs are lower compared to bigger metropolitan areas.

From the finance sector point of view, the industry is experiencing big changes in regulations and companies after the financial crisis. The **business model is moving** towards a relationship with customer based on trust and responsibility. Big companies tend to make adjustments and fusions, but there will also be place in the market for small and flexible companies.

The **competence** is also **high**. There are other investment advisories, big national companies, and small family business. There are no entrance barriers and the capital requirements to start a financial advisory are low. Nevertheless, the company has high possibilities of being feasible by combining the investment advice with the financial statement analysis services for small and medium companies.

“The environment is everything that isn't me.”-Albert Einstein.

5.

Location.
Operative
analysis and
processes.

5. Location. Operative analysis and processes.

5.1. Introduction.

In this chapter, I will talk about the business location and comment on its main characteristics, the reasons why I chose the location and the advantages for the company.

After that, I will talk about the two main business activities, which are investment advice and financial statement analysis, and I will describe the processes and main steps to do the services. This last part will be a small standard guide of the work the advisers will do.

5.2. Location and plant distribution.

The office will be placed in north Boonville Street, downtown. The office consists of:

- . 1,400 square feet with the main office room and the meeting room. In these two spaces, we will develop the main business activity, welcome customers, and have private meetings if necessary.

- . Furniture, office material, chairs, desks, filing cabinets, a small kitchen, and a bath room.

- . Computer equipment for the advisers and a server to manage and store all the information.

The location has been determined considering the following variables:

- .Proximity to customers
- .Proximity to qualified human resources
- .Proximity to providers
- .Infrastructures
- .Influence area

We have proximity to the customers because we are in the heart of the city and the metropolitan area. We also have proximity to qualified human resources because we are close to Missouri State University, where we can find graduated students specialized in finances, marketing, human resources, and accounting.

Proximity to providers will depend on the kind of providers. For most operations traded in New York Exchange Stock Market or securities issued by governments, the relation is immediate using electronic systems. For the house market, being in the center of town is positive.

The location is near Park Central Square, which is a high-traffic area and surrounded by many other businesses. Concerning **connections**, the office is connected by road with Routes 44, 60 and 65 among many others, and by plane it is near Springfield-Branson National Airport.

The rent will be \$14.63 SF/Year, which is in the market average for this kind of building and location. The office already has furniture and basic equipment, so we will not need to invest extra money to equip it.

5.3. Main business processes.

The processes will depend on which kind of service the company provides. As we have mentioned before, the main activities will be investment advice and financial statement analysis.

5.3.1. Investment advice processes:

This service will be different depending on each customer, his or her resources, the investment objective return, risk level tolerance, tax rate, and liquidity requirements. I will talk about **five main steps** in the investment advice process.

1. Know your client.
2. Develop a plan.
3. Construct the portfolio.
4. Implement the plan.
5. Monitor the progress.

1. Know the client:

A solid client/adviser relationship rests on mutual **understanding**. This starts with a deep evaluation of the clients' situations, where they've been and what they really want to achieve financially. For example, not many clients desire to own a pension, but they do want the financial independence that a properly funded pension will bring. In order to do that, the adviser must:

Establish a relationship: All relationships are based on trust and knowledge. Changing the client's perception of the adviser from service provider to trusted financial partner requires the highest level of client knowledge.

In order to do that, we can try to know the customers' life histories, their life principles and values, their satisfaction level with their finances, their current life stages, their live goals, etc.

The final goal of investment advisers and planners will be to achieve the clients' life goals, helping them to reach the financial position they need to accomplish that goals.

Gather financial information :The first task is to know the clients' **current financial situations**. The adviser must prepare a personal balance sheet to know the assets and the liabilities the customers have. It will be especially important to know their current portfolio situation if they have one.

2. Develop a plan:

Writing a plan is going to be one of the most important steps of the process. The plan will allow the adviser to define the portfolio's purpose, measure its success, and strengthen the relation with the customer.

Categorize and evaluate the data: Once the information gathering has started, the adviser will categorize the different variables to find out what investment better fits the customer. Considering taxes and legal regulations, the **main variables** to define will be:

Return: Determine income, capital appreciation, and total return required to meet client goals. The goals must be realistic and the expectations reasonable.

Risk: Define the client's ability (financial) and willingness (psychological) to take risk. Understand how clients view risk, including risk of loss, risk of not meeting critical financial goals, portfolio volatility etc. To do that, the advisors will use risk profile questionnaires.

Time horizon: Determine the investment time horizon for each goal or goals. This may be a single-phase goal such as retirement, or multi-stage goals such as first home, children's education, accumulation for retirement etc.

Liquidity: It is important to set the portion of the portfolio that will be liquid short-term in order to react to possible emergencies and known commitments.

Develop an Investor Policy Statement (IPS): The IPS defines the purpose and objectives, and measures the performance indicators of success for your client's investment portfolio. It also summarizes the agreed investment strategy. Having a written plan in place helps establish productive communication and set expectations with clients.

Developing an IPS with the clients lays a solid foundation for the relationship, fostering trust, confidence, and understanding. It also helps to avoid misunderstandings, proving that the decisions adhered to the IPS tenets.

The **IPS** will use all the information gathered to establish the next points:

Account information	Summary of investor and circumstances, personal preferences and constraints, including any tax, legal, or regulatory issues.
Goals	Clearly state the goals and time horizon of the portfolio. This should include any benchmarks that apply to monitoring progress towards the goal(s).
Risk/return requirements	Define the return requirements and the agreed level of risk (based on their risk profile balanced by return requirements) needed to achieve those requirements. Include any ongoing income distribution needs from the investment portfolio, and other liquidity concerns stemming from withdrawals from the portfolio.
Allowed investments	Define the permissible asset classes and investment types, including any constraints or restrictions, e.g. ethical funds etc.
Asset allocation policy	Include allowable asset classes, sub-asset classes and target strategic asset allocation, including all ranges and targets.
Diversification policy	Define the required diversification and tolerances for drift.
Rebalancing policy	State how often a portfolio will be rebalanced if following a time-based plan, or what the trigger will be if you're going to rebalance based on changes to the asset allocation that results from market movements.
Monitoring	Define responsibilities regarding how the portfolio and performance will be monitored, reported and controlled.
Relationship	Clearly defining the client-adviser relationship should probably also be documented in the governing document.

Table number: 33Source: Vanguard. English company

3. Construct the portfolio:

The most important decision when constructing a portfolio is **asset allocation**. This means making sure the portfolio has the right mix of assets to suit the client's individual circumstances, investment aims, and attitude towards risk.

The adviser can use traditional tools such as model portfolios to help determine the basic building blocks of the portfolio. The **risk-return profile** will precisely determine the portfolio, but we cannot forget the importance of **diversification** at asset allocation level.

Using an asset allocation strategy helps the clients to reduce the risk of following dangerous investment fads. This tool is also useful to keep customers from making emotional decisions and ensuring that their portfolios stay balanced and in line with their risk-return profiles.

Advisers must always keep in mind this golden rule for business and investments: *"Past good performance does not guarantee good future performance"*.

A top-down approach starting with asset allocation is the best approach to construct the portfolio according to the IPS.



4. Implement the plan:

After the plan is clear and the portfolio is constructed, it is time to start investing. Successful practices strive for consistency of client outcome driven by their Statement of Investment Principles, which is the guide the adviser must always follow.

Risk management is one of the most important points to ensure a consistent outcome for the clients and also to communicate to them that the advisers work hard to protect their interests.

The objective is to manage risk in all the possible aspects. Financially, we can talk about market risk, foreign exchange risk, volatility, credit risk, inflation risk, etc. Financial risk management requires identifying its sources, measuring it, and planning to address the different kinds of risks.

5. Monitor the progress:

To ensure the plan stays on track, it needs to be monitored and regularly assessed. The advisor will establish **periodic appointments** with the customer to monitor the portfolio progress. The appointments will be established according to the advisor's criteria and the customer's availability.

Monitoring and reviewing also help to solidify the client-adviser relationship by continually adding value and showing our concern and interest to the client. Also, the reviewing is a chance to uncover future sales opportunities and increase the current relation with the customer, with adjustments to the financial plan if necessary.

These are the main points to review when monitoring progress: the customer's life events, asset allocation strategy, financial risks, and the client's risk tolerance, portfolio's costs etc.

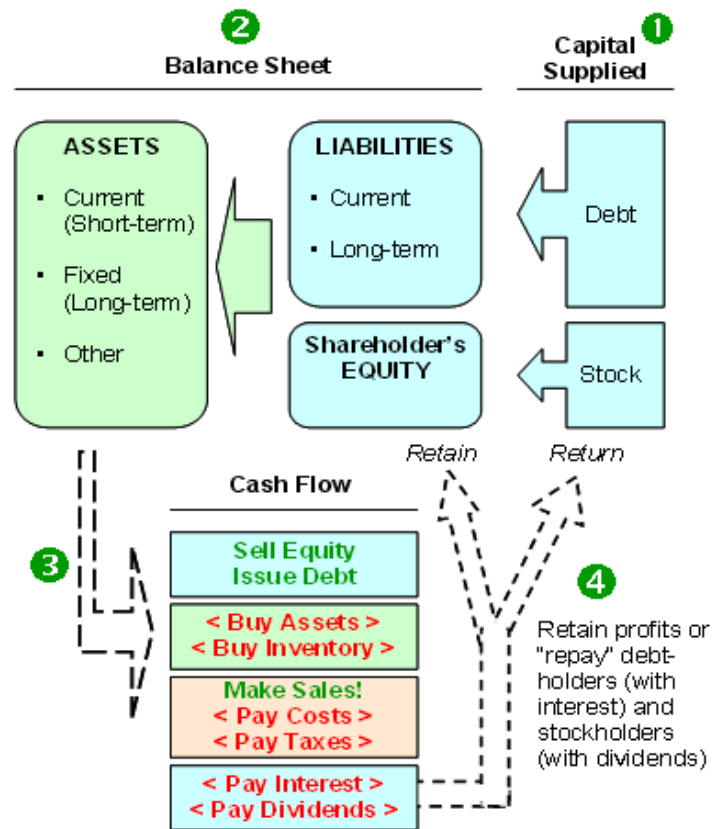
5.3.2. Financial statement analysis processes:

The company also offers financial statement analysis services for companies. The objective is to understand the customers' situations in order to make suggestions that can improve their performances.

The advisors will examine many different options, but the **most important points** will be how to reduce financial costs and debt refinancing strategies, how to make profit from unused resources, how to reduce operating costs, how to check outsourcing possibilities, and in general all kind of advice that the customers would ask for and we would provide.

To do that, we need to understand the company's situation as much as possible. The advisors will analyze the balance sheet, income statement, and cash flow statement, and when the advisers understand all information, they will suggest the possible measures to improve the client's performance.

In the illustration below, we can see the main cash flow transactions and some of the most important points to check during the advising process:



Graphic number: 35 Source: Investopedia.com

5.4. Conclusions.

In this brief chapter I have determined the company's location and commented on its main features and advantages. As we have seen, I plan to open the company in Springfield, Missouri, downtown, near the main square. The main advantages are that it is near the customers and next to an area with high activity.

Regarding the processes, I have mentioned two main activities for the company. The first one is investment advice and the second one is financial statement analysis.

Processes for investment analysis:

1. Know the client.
2. Develop the plan.
3. Implement the plan.
4. Monitor the progress.

Processes for financial statement analysis:

There is not a defined sequence for this activity, but advisers will always start by analyzing the balance sheet, the income statement, and the cash flow statement. After the advisor understands the company and their weaknesses and strengths, he will be able to suggest improvements.

"Be sure you put your feet in the right place, then stand firm."-Abraham Lincoln.

6.

Human resources
and company's
organization.

6. Human resources and company's organization.

6.1. Introduction.

In this chapter I will deal with the human resources and the chart organization. I will start explaining the company's mission statement and its values.

After that, I will talk about the legal structure of the company and explain why this legal form is the one we chose.

In the last part I will describe the authority relations in the company and the organizational chart and I will finish with the job analysis, where I will describe each position and its activities and responsibilities.

6.2. Vision and mission statements. Company's values.

The long- term **vision** is to expand the company internationally and became a referent of ethical investment advisers around the world. The **mission** of the company is to ensure its feasibility, grow, and expand to other cities.

The company will accomplish this mission by providing **services** to our customers: the main services are investment advice and financial statement analysis. The **customers** will be people and companies that look for professional and affordable advice to obtain greater yields from their resources.

The company will **excel** by providing services from an ethical and responsive point of view. We will only recommend what is positive for our clients, without paying attention to commissions or short-term benefits when they are against our customers' long-term goals.

The main **values**, the set of principles and beliefs that will rule how the company and the employees act, are honesty and excellence. Every day and every action aims to serve our clients to achieve their goals in the best way possible.

The objectives for short and medium term are:

1. Become one of the most important financial advising companies in Springfield.
2. Have a positive return after the second year of activity.
3. Achieve a representative market share in the six first years.
4. Expand our presence to Kansas City and Saint Louis within five years.
5. Open more offices in other cities of Missouri or surrounding states.
6. Be perceived as a specialized advising company, dependable and professional.

The mentioned objectives will be reviewed and evaluated to ensure they are consistent with the company situation, environment, and forecast. If needed, the objectives will be reformulated and adapted to the new conditions. To do that, there will be periodic reviews to measure the performance and make changes in case of deviation.

6.3. Legal structure.

In this part I am going to explain the legal structure of the company. In this case, *Maemar Finances* will be a **Limited Liability Company**, and below we can see the advantages of this structure.

- LLC protects the owners. They are not typically personally responsible for business debts and liabilities.
- It is easy to maintain and flexible.
- The company can choose the tax regime: sole proprietor, partnership, S Corporation or C Corporation.
- There is less paperwork and record keeping than a corporation.
- There are no ownership restrictions. LLCs do not face restrictions on the number or type of owners.
- LLCs can be set up with just one natural person involved or, in some states, one owner which may be a business itself.
- LLCs allow flexible management. Owners have flexibility in structuring company management.

Despite these advantages, we should be aware of some disadvantages typically related to LLC structures.

- Earnings of most members of an LLC are generally subject to self-employment taxes.
- Since an LLC is considered a partnership, for Federal income tax purposes, if 50% or more of the capital and profit interests are sold or exchanged within a 12-month period, the LLC will terminate for federal tax purposes.

- In order to be treated as a partnership, an LLC must have at least two members. Although all states allow single member LLCs, the business is not permitted to elect partnership classification for federal tax purposes
- Some states do not tax partnerships but do tax LLCs.
- It may be more difficult to raise financial capital for an LLC as investors may be more comfortable investing funds in the better-understood corporate form.
- An LLC which is treated as a partnership cannot take advantage of incentive stock options, engage in tax-free reorganizations, or issue Section 1244 stock.

The company will be founded by three people that will share the ownership and it will be ruled democratically. All decisions will be made according to majority principle, but only the signature of two of the three owners will be needed to give flexibility to the company.

6.4. Organization chart.

Below we can see the organizational chart for *Maemar Finances*:

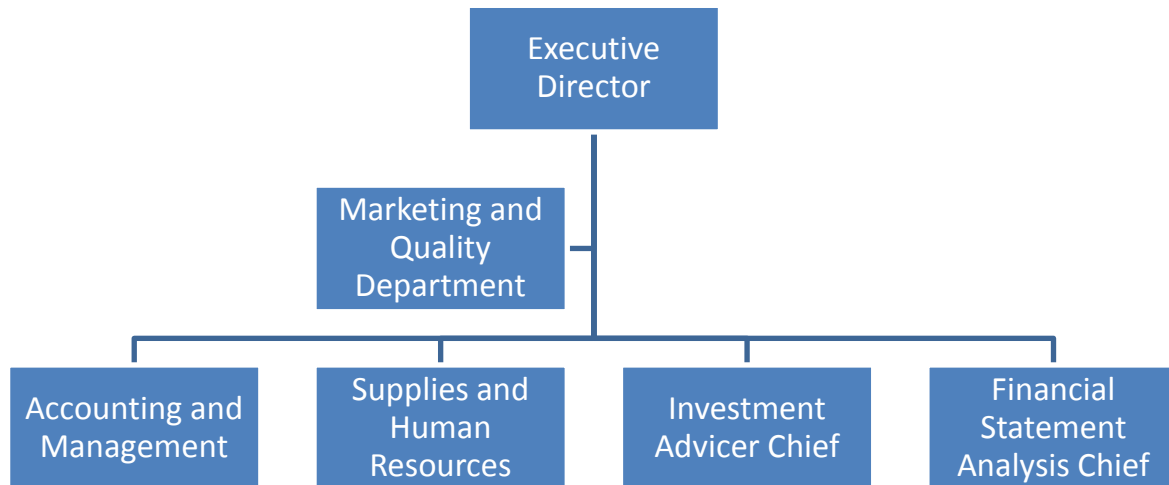


Table number: 36

Source: Made by the author using info from Management. R. Schermerhorn.

As we can see, according to the management theory, this is a functional organization chart. It divides the company in areas depending on different activities. The different responsibilities and tasks will be assumed by the three initial members that founded the company, as I will comment on in the next job analysis and the task description.

Once the company is established and grows, the staff will probably grow too and each original founder will assume only one area depending on their specialization and preferences; nevertheless, this question is yet to be determined. What is sure is that the three founders will keep being the owners, but it is probable that they will delegate responsibilities to new employees as the firm grows.

6.5.Job analysis.

The job analysis is a tool that focuses on each position of the company in order to determine the best candidate possible to cover it. Nevertheless, considering that in the first years only the three owners are going to work, I will comment on the tasks assigned to each of them, according to their skills, background, and preferences.

The founder Joe Armstrong, with experience in the financial sector,(Graduated in finance, MBA and CFA level two) is going to fulfill the following tasks:

- Executive director: He will define, in collaboration with the other two owners, the main strategy the business will follow. As executive director, he will represent the company and coordinate the human resources. It will be the executive director's task to negotiate and develop alliances that strengthen the company. The executive director will also be involved in the investment advisory and the financial statement analysis, reinforcing each area according to his availability and the necessities.
- Marketing director: As marketing director, he will plan and supervise the different communication actions. One of his main activities will be to look for new clients and partners to increase company activity.
- Quality supervisor: One of the tasks will be to ensure that all the company's activities and procedures respect the company's values and follow the different policies and procedures. In the case of customer complaints, he will give the best response and service.
- Accounting and Treasury manager: During the first stage of the company, the manager will be responsible for administering the treasury, receipts,

and payments. The main objective is to save costs, in the future, as the company grows, *Maemar Finances* will contract an extern accounting manager.

The other two owners are Oscar Martinez and Christy Ha, (Graduated in finance and both with an MBA, he is a CFA level 1 and she is a CPA) are going to accomplish the following main tasks:

Mr. Martinez:

- Investment Advisor: Mr. Martinez will be in charge of one of the two main activities: investment analysis. As investment advisor, he will analyze the market according to the company policy of investment (Long-term investments, big companies with experience from American and European markets.)
- Marketing support: Besides his usual tasks, he will help the executive director with the marketing area. Some of the activities he can organize and collaborate on are meetings with customers and partners, cold calls to find new customers, and seminars, webinars, and other communication actions.

Ms.Ha:

- Financial Statement Analyst: Ms. Ha's main task will be analyzing our customers' financial statements in order to find areas that can be improved. Once she has the information, she will write the proposals and advise customers.
- Accounting and treasury support: She will support the accounting sector, collaborating with the executive director. She will deal with receipts and payments and control the company's expenses.

6.6. Conclusions.

In this chapter I have talked about the mission, vision, and company values and how they orientate the company and the workers. This point will be developed in the future company's articles of association.

After that, we saw that the legal structure for the company will be an LLC, Limited Liability Company because this structure allows flexibility, and it suits a small and young company. I have introduced other advantages and disadvantages too.

Regarding the organization chart, we have seen that the structure is a functional organization chart. The company is small, so the three owners will divide tasks and responsibilities, but also support each other in order to be flexible and adapt to the circumstances.

Finally, I have introduced the job analysis for each of the three owners. As I mentioned before, they have different areas and responsibilities, but also flexibility to collaborate depending on the requirements.

“The achievements of an organization are the results of the combined effort of each individual”.-Vince Lombardi.

7.

Marketing plan.

7. Marketing plan.

7.1. Introduction.

This part deals with the marketing plan and the sales strategy. I will comment on the market segmentation and on the four main marketing policies (Product, Price, Place, and Promotion)

With regard to market segmentation, I will identify our target customers and talk about the company's policy on segmenting the market.

Once the target market is explained, I will deal with the marketing mix, namely the policies that will define our product, prices, place and promotion.

7.2. Customers target.

"It is easier to get a piece of an existing market than to create a new one." – Rhonda Abrams. *The Successful Business Plan.*

Maemar Finances provides two main kinds of services, investment advice and financial statement analysis. Regarding **investment advice**, our target customer will be individuals and companies in the Springfield, Missouri area who want to invest and need advice. Their characteristics are that they are people concerned about their finances who want to obtain a good yield according to the risk level taken. The target customers will be seeking professional and honest advice, given from a company more worried about its client's objectives than the immediate commission and short-term benefit.

According to Springfield's economic characteristics, we can expect our targeted customer to earn \$35,299 on average and work in sales, production, business, health care sector and education sector.

When considering the service, **financial statement analysis**, the customer target will be small and medium companies in the area of Springfield, Missouri who are interested in our point of view and advice about their financial statements. In general, these companies do not have a financial department to analyze their own accounts, so we are talking about small or medium businesses that need professional advice at an affordable cost. These companies must pay attention to our advice and be ready to modify some of their policies and behaviors in order to implement our recommendations, consequently, these companies must be flexible and open minded.

Taking into account the reality of Springfield companies, we can expect that our customers will be manufacturing companies, durable goods producers, retailers, accommodation companies and health care companies among many others.

In the future, when *Maemar Finances* will grow, the customer target will expand to areas where the company opens new offices, and also, with more experience and with a bigger analyst team, the company will be able to target bigger and more complicated companies for financial statement analysis.

“You have to be market driven. Who will buy your product? What will they feel about it? Etc.” – Larry Leigon, president and co-founder of Ariel Vineyards.

7.3. Market segmentation.

Segmentation is something intrinsic to the company's activity. As a financial advisor that will recommend investments, the first thing the company must do is assess these customers according to different parameters, therefore, segment them in different groups of customers.

The **market segmentation** is done according to the company's marketing strategy and its own resources and characteristics. The company will segment the market in two main groups, customers from the Springfield area and customers from elsewhere.

This geographic limitation is a consequence of the small initial investment. The company is starting and the three promoters are not going to risk a big amount of money if the company doesn't prove to be feasible in the first five years. So, according to this relatively small investment, the resources of *Maemar Finances* will be limited to one office and three workers in the beginning.

Due to the **limited resources**, the company will concentrate its services on only two main activities, investment advice and financial statements analysis. Nevertheless, despite our services being tailored to a particular customer and region (i.e., Springfield), we can find many different kinds of customers among the individuals and companies. The advisory will need to segment and classify the customers using different variables for each activity.

Regarding the **investment advice** activity, the main variables to segment customers will be: amount of capital assigned to us for managing or advising, risk profile of the customer, age, annual income, and occupation.

Everybody can be a customer for investment advice, but the minimum amount of capital would be \$500. If any customer comes with an inferior quantity, then the team will not provide any service because is not worth to spend time for such a less profitable amount.

On the other hand, concerning to the **financial statements analysis** activity, the main variables to segment will be: company size, sector, earnings and feasibility perspectives.

In this case, we exclude companies bigger than 50 million dollars in capitalization. The reason is that bigger companies are too complex to analyze for only one or two advisors, and it would take a lot of time that can be used for smaller and simpler customers.

Consequently, we can conclude that the **marketing strategy** will be to offer a few services to a concrete market delimited geographically and also by other parameters such as company size or capital amount.

7.4. Product policy.

As we have already seen, *Maemar Finances* offers two main services, investment advice and financial statement analysis. Both services can be understood as our product, and both are basically intangible. It is necessary to **know the service** characteristics in order to design the product policy.

Concerning to the **investment advice** service, it is based on the knowledge of the analysts. It covers the analysis of the customer and the analysis of the different investments and markets. Once this process is finished, it continues by contacting with the customer to communicate him the different conclusions.

About **financial statement analysis** service, it is a service also based on the knowledge of the advisor team. It starts with the statement analysis and finishes with the recommendations for the customer and their communication.

The **communication** can be through different media, such as phone, internet or face-to-face meetings. The media will depend on the customer's preferences and availability, but from the company's point of view, face-to-face meetings are preferred when it is possible. Face-to-face meetings allow for more accurate communication and

feedback from the client, generates confidence in the relationship with our customers, and contributes to create an image of serious, reliable and prepared company.

Both services must be planned to give the best result and the best image that will mean that we will guarantee customer's satisfaction. In the process of designing the service and providing it, there are some points that must be clear in order to achieve this satisfaction.

- Benefits for the customer: Both investment advice or financial statement analysis will be beneficial for the customer, helping them to take decisions.
- Service production: The customer's satisfaction will depend on the quality of the service and also the quality of the relation and the confidence we are able to generate.
- Service delivery channels: As we have mentioned, there are many different channels, with their advantages and disadvantages, and they influence in how our customer perceive the service and the company.
- Human team importance: The workers are very important. Their knowledge and skills, and their attitude towards the customer will determine the product's quality.

7.5. Price policy.

The price policy will be determined **individually**, and it will depend on the potential of each customer, the capital he is investing, the result of the investment, or the number of hours that we need to analyze the financial statements.

In general, for both services, we will provide a first information meeting or small advice without any cost in order to **get potential customers**. The objective of this is let them know about us, present our company and give them some basic ideas to generate confidence and also point out how can we help them. The pricing policy will adapt the market conditions and our competitors' prices.

About the **investment advice** service, in some cases there will be fixed fees, and in other cases, the fees will be a percentage of the customer's benefit. This system increases the customer's confidence because, if he has not benefits, the company will make small profits too. We win with our customers.

The fees will depend on the amount of money the customer entrusts us with and it will be a percentage of the capital. The percentage will decrease as the investment grows, so this policy rewards customers who make bigger investments.

Regarding to the **financial statements analysis** service, the fees will depend on the number of hours needed to make the complete analysis and also on the possibilities of the company itself. Usually analysts charge \$100 per hour of service. We will start with lower prices in order to be competitive and get customers and a space in the market. I have to point out that, in this service, we can only prepare the advice documents or also supervise the changes made and the company's evolution. Obviously, the second possibility entails more hours and more effort, and so it will mean also a higher price for the service.

As a small summary for this part, I conclude that the price policy will be flexible according to the customer's demands, the investments result, its projection as a potential important customer and its financial possibilities. But in the beginning, we will apply **lower prices than the competitors** to supply an affordable service but with high quality.

7.6. Place policy.

The marketing plan includes a **visit program** to selected companies and potential customers. In the first part, we will contact companies that the workers already know due to their past experiences. In this point will be especially important to Joe's experience, because he has contacts in the world of finances and he knows already many people and companies. This will be the starting point.

These first contacts will have two main objectives. In some cases we will try to identify potential customers interested in our services. Other visits will have the objective of finding companies in the financial area to make **alliances** with. We can try making alliances with other companies that are not competitors, such as insurance agents. An alliance will benefit companies, sending potential customers from one to another and satisfying our common customer's need from different point of view.

After talking to the first contacts, the company will buy a database to have access to information about companies around Springfield area. Once we have the database, *Maemar Finances* will analyze this database and begin the cold calls, visits and other techniques to start selling our services.

The company can sell its services either in the customer's office during a personal visit or in our own downtown Springfield bureau. If necessary, the company will rent a **conference room** to make presentations to bigger audiences.

7.7. Promotion policy.

The name chosen for the company is **Maemar Finances**, it was selected for the three founders and it will represent the company and underline the activity the company does in order to create brand image.

This part of the marketing plan is **particularly important** because the services are intangible, so we need to communicate our customers the quality of our services and the professionalism of the human team using promotion.

In the beginning we will use some resources to make communication and promotion. In the future, the company is expected to increase the resources dedicated to promotion to increase the communication action and renovate our image. The company also expects to count with free promotion made by satisfied customers as the customers start to receive services and, of course, if they are highly satisfied with them.

Referring to the company's **graphical image**, *Maemar Finances* have contracted the services of professional designers to create the logo, the business cards for the three workers, folders with the company logo, commercial handouts, and the web page design.



Graphic number: 37

Source: Made by author.

As we can see, the logo consists of the name of the company and a blue abacus. The abacus, as a mathematical instrument, suggests an activity related to numbers and finances.

Maemar Finances has established the following main objectives for the communication plan.

- Promote the company and the specialized services.
- Find and uncover customers' needs. There will be personal visits to companies with two main objectives. The first visit will be to present the company and our services and try to discover if the customer can be interested in the financial statement analysis and advice. In case the first visit generates interest, the subsequent visits will have the objective of selling them the services and control, if required, the application of our suggestions and the customer's evolution.
- Link the company's name to the following values: seriousness, quality, security, efficient work, trustworthy, reliability, kind and cordial treatment.

Depending on the possibilities and the company's situation these are the **commercial actions** planned to do:

- Graphic media: Initially, the company's image will be provided through the commercial business cards, handouts and catalogues. In the future, the company will consider the possibility of make advertisements in economic press and magazines from Missouri's area.
- Presence in directories and databases for financial advisories. It is necessary to appear in the main database where other competitors and financial companies can be.
- Internet: The Company will be present in the internet through a webpage. This webpage has been designed by graphic designers according to the criteria of showiness, accessibility, usefulness and it will be easy to surf through. The main objective of the web page is present our company and also direct potential customers to the service information and attracts them.

- Google: The Company will make publicity also in Google, one of the biggest search tools, so when somebody looks for information about: finances, investment, advisory, Springfield, Missouri, our company webpage appears in the first positions, so it will generate more impact and more customers. This is known as search engine optimization.
- Cold calls: It is planned to make cold calls according to the strategy to get new customers. The cold calls will be used to present the company and the objective will be to make appointments with potential customers to sell them our services.
- Webinars: The Company will organize free seminars on our webpage. These webinars will be a set of different activities to talk about investments and financial statement analysis. These activities will contribute to increase the reputation of the company and also make the potential customers familiar with our webpage and our services.
- Distribution of handouts and mailing publicity: If needed, the company will distribute handouts and commercial publicity among the community to create company image and inform the potential clients about our services.

7.8. Conclusions.

In this chapter, I have talked about the Marketing plan. I started identifying the **customers targeted**, which will be individuals and middle and small companies, depending on the service provided. After that, I dealt with the **market segment policy** to recognize that we will focus on customers from the metropolitan area of Springfield and how we will segment these customers according to different criteria.

Regarding to the **product policy** part, I have described what the two main services are, investment advice and financial statement analysis and how important will be the communication with the customers to give value to our intangible products.

The main feature about the **price policy** will be that the services price will be determined individually, depending on the customer's need for assistance, and how much capital the client entrusts us with. In general, our prices will be smaller than competitors.

Concerning the **place policy**, the company plans to sell the services through personal visits and the collaboration of alliances with other companies. Selling in the office and renting conference rooms will also be other possibilities.

The **promotion policy** will be very important too, *Maemar Finances* plans to use as many media platforms as possible to announce our services and to create a brand image.

“Everyone lives by selling something”-R L Stevenson.

8.

Financial analysis.

8. Financial analysis.

8.1. Introduction.

In this chapter I am going to make the financial analysis and evaluate the company to demonstrate that it is economically feasible in a mid and long term period. Feasibility includes the generation of benefits and allows profitability in last term. It will be also necessary to forecast if the company will be able to generate resources to deal with daily obligations such as providers, electricity expenses, insurance, rent payments, loan repayments, etc.

In order to evaluate all this, I will forecast income and expenses, and comment on the alternative financial source. I will make a simulation of the loan the company would need to start up.

After this, I will introduce a forecast of the income statement, and once we have all the forecasted information, I will analyze if the company is a feasible investment or not.

8.2. Income and expense forecast.

I am going to talk about the forecasted income and expenses. I will start describing the initial expenses necessary to start the company's activity and then talk about the service sales and income generated depending on the type of service provided.

Once I know the net benefit for each kind of service, I can modify the number of services sold to adapt the forecast from a realistic scenario to a pessimistic scenario to an optimistic scenario.

Initial expenses:

In order to open the company we will incur the following costs:

- Office refurbishment: In order to have the best image possible, the office will be repainted and if some facilities need it, they will be fixed. The budget for redecoration and reparations will be \$2,200.
- Database purchase: We will buy a database that includes business addresses, phone numbers, and e-mail addresses updated to 2012 for \$1,000.
- Fix assets: The office is already equipped with office desks, chairs, and basic furniture. Nevertheless, the three founders will have to buy some other furniture such as shelves and filing cabinets.

Regarding the equipment, the founders will provide three computers, a scanner, and a printer for the office that they already have, which will save costs in the beginning. However, it will be required to buy three new top-of-the-line laptops for the tasks the analysts will have to do in visits to customers. It will also be necessary to buy a projector to prepare presentations in the office, to show our customers different services and investments, and also to train the three workers for customer visits.

We can expect a furniture cost of \$800 and \$500 for each new laptop. The cost of a projector is around \$250. The total amount equals \$2,550. In the future, it will be necessary to invest more resources in new computers and laptops, taking into account that the computers are not new and the laptops have useful lives of around four years before they can be considered obsolete. Also, it will be necessary to buy more equipment in case we contract new people.

- Publicity and brand image expenses: Besides the database acquisition, *Maemar Finances* intends to contract designers to design the corporate image: for

example, the commercial business cards, the catalogue, the company logo, rubber stamps, and the handouts with the company headers. For the web page the company will need to hire a web page designer. The designers' fees for the office materials are \$500. The cost of the web page designer is \$600 and the cost of the commercial material with the corporative image reaches \$500. Therefore, the total amount for this subchapter will be \$1,600.

Initial treasury:

The company will start with \$30,000. Each founder will contribute \$10,000 at the start. This amount must be enough to front the previous expenses and allow some reserve for the company to operate in the first period. Besides this contribution and investment, the founders plan to apply for a loan that will reinforce the resources available.

Activity income and expenses:

Our products are divided in two main categories: investment advice and financial statement analysis, each one of them with different characteristics. It is necessary to remark that the prices will be very flexible depending on our customer and the effort the analyst must dedicate to the job.

- **Investment advice:** The service consists of giving a suggestion to a customer that wants to invest x amount of money. To do that, we will analyze the customer risk profile, his benefit/risk preferences, and his personal features. After this, the advisors will suggest an investment among the market possibilities.

It is difficult to forecast and classify this service because it will be personal, but in order to do the forecast, I am going to establish three levels of advice depending on the complexity of the operation.

1. **Basic advice:** Customers want to invest quantities between \$500 and \$4,999.99. This service will include a \$40 fixed fee and 2% of the benefit generated on the operation, if there is profit.
 2. **Investment advice:** In this case we can think about an investment between \$5,000 and \$19,999.99. This service will charge a fixed fee of \$100 and 1% of the benefits of the investment.
 3. **Investment planning:** For important amounts of money, more than \$20,000, we will charge a fee of \$250 and 0.05% of the benefits. This kind of big investment will need an exhaustive analysis and many hours of dedication from our team.
- **Financial Statement analysis:** This service entails the analysis of our customers' statements, such as the balance sheet, income statement, and cash flow statement. Depending on the complexity of the customer, the company will classify the services in three categories.
 1. **Business advice:** A superficial analysis to get the basic conclusions and make some suggestions to improve our customers' performance. This is the lowest level of analysis and it will take five hours of our analysts' time. The price for this service will be \$200.
 2. **Statements analysis:** This service is detailed. Analysts will spend at least fifteen hours on the service and the list of suggestions will be more detailed. This level of analysis is high and it is for small and medium companies that want a point of view about their statements and business strategy. The price for this service will be \$700.
 3. **Complete analysis and performance monitoring:** This service will include a complete analysis of the companies' situation and three months of

monitoring from our analysts. This service is for companies that are in a crisis or need a critical change in order to be feasible. The final price will be \$2,000 for a three month monitoring. It includes the statement analysis, periodical visits to check how the company is applying the modifications, and new advice if needed.

This is the **sales forecast** for the first three years in a normal scenario for **investment advice** service. There have also been forecasts for pessimistic and optimistic scenarios, but in order to ease reading, these tables will be added to the annexes.

First year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	6	4	7	8	9	11
	income	\$240	\$160	\$280	\$320	\$360	\$440
Investment Advice	sold	3	5	3	5	8	6
	income	\$300	\$500	\$300	\$500	\$800	\$600
investment Planning	sold	0	1	0	3	2	4
	income	\$0	\$250	\$0	\$750	\$500	\$1,000
		July	August	September	October	November	December
Basic Advice	sold	10	8	12	15	14	18
	income	\$400	\$320	\$480	\$600	\$560	\$720
Investment Advice	sold	9	12	13	10	16	15
	income	\$900	\$1,200	\$1,300	\$1,000	\$1,600	\$1,500
investment Planning	sold	4	5	1	6	4	5
	income	\$1,000	\$1,250	\$250	\$1,500	\$1,000	\$1,250
	Total	\$24,130					

Table number: 38

Source: Made by author.

Second year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	11	17	17	18	19	21
	income	\$440	\$680	\$680	\$720	\$760	\$840
Investment Advice	sold	7	14	10	17	12	12
	income	\$700	\$1,400	\$1,000	\$1,700	\$1,200	\$1,200
investment Planning	sold	3	4	1	0	4	5
	income	\$750	\$1,000	\$250	\$0	\$1,000	\$1,250
		July	August	September	October	November	December
Basic Advice	sold	13	17	22	25	30	15
	income	\$520	\$680	\$880	\$1,000	\$1,200	\$600
Investment Advice	sold	7	8	23	14	27	22
	income	\$700	\$800	\$2,300	\$1,400	\$2,700	\$2,200
investment Planning	sold	4	3	2	6	7	3
	income	\$1,000	\$750	\$500	\$1,500	\$1,750	\$750
	Total	\$36,800					

Table number: 39

Source: Made by author.

Third year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	12	30	23	17	22	19
	income	\$480	\$1,200	\$920	\$680	\$880	\$760
Investment Advice	sold	12	20	11	24	3	17
	income	\$1,200	\$2,000	\$1,100	\$2,400	\$300	\$1,700
investment Planning	sold	6	3	2	2	4	3
	income	\$1,500	\$750	\$500	\$500	\$1,000	\$750
		July	August	September	October	November	December
Basic Advice	sold	14	33	14	23	32	26
	income	\$560	\$1,320	\$560	\$920	\$1,280	\$1,040
Investment Advice	sold	27	17	7	14	20	23
	income	\$2,700	\$1,700	\$700	\$1,400	\$2,000	\$2,300
investment Planning	sold	4	7	3	5	8	6
	income	\$1,000	\$1,750	\$750	\$1,250	\$2,000	\$1,500
	Total	\$43,350					

Table number: 40

Source: Made by author.

This is the **sales forecast** for the first three years in a normal scenario for the **financial statement analysis** service. As mentioned before, the forecast for the pessimistic and optimistic scenarios will be added to the annexes.

First year							
Service		January	February	Mars	April	May	June
Business advice	sold	3	1	3	1	4	3
	income	\$600	\$200	\$600	\$200	\$800	\$600
Statement analysis	sold	0	0	1	2	3	2
	income	\$0	\$0	\$700	\$1,400	\$2,100	\$1,400
Performance monitoring	sold	0	0	0	1	1	0
	income	\$0	\$0	\$0	\$2,000	\$2,000	\$0
		July	August	September	October	November	December
Business advice	sold	4	5	7	4	3	6
	income	\$800	\$1,000	\$1,400	\$800	\$600	\$1,200
Statement analysis	sold	3	2	3	1	3	2
	income	\$2,100	\$1,400	\$2,100	\$700	\$2,100	\$1,400
Performance monitoring	sold	1	0	1	0	1	1
	income	\$2,000	\$0	\$2,000	\$0	\$2,000	\$2,000
	Total	\$36,200					

Table number: 41

Source: Made by author.

Second year							
Service		January	February	Mars	April	May	June
Business advice	sold	3	3	5	3	2	6
	income	\$600	\$600	\$1,000	\$600	\$400	\$1,200
Statement analysis	sold	1	2	0	2	5	4
	income	\$700	\$1,400	\$0	\$1,400	\$3,500	\$2,800
Performance monitoring	sold	1	0	1	2	0	1
	income	\$2,000	\$0	\$2,000	\$4,000	\$0	\$2,000
		July	August	September	October	November	December
Business advice	sold	5	5	7	5	6	6
	income	\$1,000	\$1,000	\$1,400	\$1,000	\$1,200	\$1,200
Statement analysis	sold	2	2	3	1	5	4
	income	\$1,400	\$1,400	\$2,100	\$700	\$3,500	\$2,800
Performance monitoring	sold	1	0	1	1	0	2
	income	\$2,000	\$0	\$2,000	\$2,000	\$0	\$4,000
	Total	\$52,900					

Table number: 42

Source: Made by author.

Third year							
Service		January	February	Mars	April	May	June
Business advice	sold	5	2	4	4	4	5
	income	\$1,000	\$400	\$800	\$800	\$800	\$1,000
Statement analysis	sold	1	3	3	4	5	5
	income	\$700	\$2,100	\$2,100	\$2,800	\$3,500	\$3,500
Performance monitoring	sold	1	2	0	1	2	2
	income	\$2,000	\$4,000	\$0	\$2,000	\$4,000	\$4,000
		July	August	September	October	November	December
Business advice	sold	8	5	9	5	5	7
	income	\$1,600	\$1,000	\$1,800	\$1,000	\$1,000	\$1,400
Statement analysis	sold	3	4	3	1	3	4
	income	\$2,100	\$2,800	\$2,100	\$700	\$2,100	\$2,800
Performance monitoring	sold	1	1	2	0	1	2
	income	\$2,000	\$2,000	\$4,000	\$0	\$2,000	\$4,000
	Total	\$69,900					

Table number: 43

Source: Made by author.

Taking this information into account, for a normal scenario, we can expect a **gross income** of around \$60,330 for the first year, \$89,700 for the second year, and \$113,250 for the third. This reflects the fact that starting a business is very difficult, but once the activity begins and the company gets regular customers, the income will grow at 45% for the second year and 25% for the third.

I made the forecasts for three different scenarios to reflect the influence of the environment and other variables that may affect the company negatively or positively. This will help to reduce uncertainty.

Expense related to activity.

Starting with the **expense related to the activity**, the founders' wages will be the following:

- Joe Armstrong: As the person in charge and most responsible for the company, Mr. Armstrong will earn \$1,000 per month.
- Oscar Martinez: As the financial investment analyst, Mr. Martinez will receive \$800 per month.
- Christy Ha: As the financial statement analyst, Ms. Ha will earn \$800 per month.

It is necessary to point out that these amounts are fixed wages for the first year. The founders will also make a variable wage every six months depending on the performance of the company. The wages may seem low, but starting up a business is a difficult task and the company needs to spend the least resources possible in order to ensure its feasibility in the first years, which is also the most critical period.

In the future, if the company can afford it, they will increase the fixed and variable wages and the commissions according to the conditions of the company.

There will also be **regular expenses** to think about. For example, the rent of the office will be \$2,200 per month. Other expenses like electricity, running water, phones,

and internet service will be around \$800 per month. Other daily expenses related to the business will be office materials, gas, food allowances etc. We can calculate \$300 for these matters.

8.3. Financial sources.

Now I am going to explain the company’s financial sources. *Maemar Finances* will be founded with \$30,000. As mentioned previously, each founder will provide \$10,000 as personal investment. Nevertheless, the company plans to ask for a loan to increase the cash and resources available for the first years.

This is necessary because there will be many immediate expenses even before the office opens and starts its activity, and it is possible that we will not generate income during the first months. So, in order to guarantee the company has enough cash, it will ask for a loan with the following conditions.

Loan amount	\$15,000
Interest per year	6%
Periodic rate	0.50%
Study fee	0.20%
Opening fee	1%
Years to amortize	5
Repayments per year	12
Total repayments	60
Cash received	\$14,820

Table number: 44 Source: Made by author.

According to the loan table, the company will have \$14,820 in extra money to deal with its obligations.

Below, we can see the loan repayment plan and its details.

Period	Principle	Interests	Payment	Balance
0				\$15,000
1	\$214.99	\$75.00	\$289.99	\$14,785.01
2	\$216.07	\$73.93	\$289.99	\$14,568.94
3	\$217.15	\$72.84	\$289.99	\$14,351.80
4	\$218.23	\$71.76	\$289.99	\$14,133.56
5	\$219.32	\$70.67	\$289.99	\$13,914.24
6	\$220.42	\$69.57	\$289.99	\$13,693.82
7	\$221.52	\$68.47	\$289.99	\$13,472.30
8	\$222.63	\$67.36	\$289.99	\$13,249.67
9	\$223.74	\$66.25	\$289.99	\$13,025.93
10	\$224.86	\$65.13	\$289.99	\$12,801.07
11	\$225.98	\$64.01	\$289.99	\$12,575.09
12	\$227.11	\$62.88	\$289.99	\$12,347.97
13	\$228.25	\$61.74	\$289.99	\$12,119.72
14	\$229.39	\$60.60	\$289.99	\$11,890.33
15	\$230.54	\$59.45	\$289.99	\$11,659.79
16	\$231.69	\$58.30	\$289.99	\$11,428.10
17	\$232.85	\$57.14	\$289.99	\$11,195.25
18	\$234.01	\$55.98	\$289.99	\$10,961.24
19	\$235.18	\$54.81	\$289.99	\$10,726.05
20	\$236.36	\$53.63	\$289.99	\$10,489.69
21	\$237.54	\$52.45	\$289.99	\$10,252.15
22	\$238.73	\$51.26	\$289.99	\$10,013.42
23	\$239.92	\$50.07	\$289.99	\$9,773.50
24	\$241.12	\$48.87	\$289.99	\$9,532.38
25	\$242.33	\$47.66	\$289.99	\$9,290.05
26	\$243.54	\$46.45	\$289.99	\$9,046.51
27	\$244.76	\$45.23	\$289.99	\$8,801.75
28	\$245.98	\$44.01	\$289.99	\$8,555.77
29	\$247.21	\$42.78	\$289.99	\$8,308.56
30	\$248.45	\$41.54	\$289.99	\$8,060.11
31	\$249.69	\$40.30	\$289.99	\$7,810.42
32	\$250.94	\$39.05	\$289.99	\$7,559.48
33	\$252.19	\$37.80	\$289.99	\$7,307.29
34	\$253.45	\$36.54	\$289.99	\$7,053.84
35	\$254.72	\$35.27	\$289.99	\$6,799.11

36	\$255.99	\$34.00	\$289.99	\$6,543.12
37	\$257.27	\$32.72	\$289.99	\$6,285.85
38	\$258.56	\$31.43	\$289.99	\$6,027.28
39	\$259.85	\$30.14	\$289.99	\$5,767.43
40	\$261.15	\$28.84	\$289.99	\$5,506.28
41	\$262.46	\$27.53	\$289.99	\$5,243.82
42	\$263.77	\$26.22	\$289.99	\$4,980.05
43	\$265.09	\$24.90	\$289.99	\$4,714.96
44	\$266.42	\$23.57	\$289.99	\$4,448.54
45	\$267.75	\$22.24	\$289.99	\$4,180.79
46	\$269.09	\$20.90	\$289.99	\$3,911.71
47	\$270.43	\$19.56	\$289.99	\$3,641.27
48	\$271.78	\$18.21	\$289.99	\$3,369.49
49	\$273.14	\$16.85	\$289.99	\$3,096.35
50	\$274.51	\$15.48	\$289.99	\$2,821.84
51	\$275.88	\$14.11	\$289.99	\$2,545.96
52	\$277.26	\$12.73	\$289.99	\$2,268.70
53	\$278.65	\$11.34	\$289.99	\$1,990.05
54	\$280.04	\$9.95	\$289.99	\$1,710.01
55	\$281.44	\$8.55	\$289.99	\$1,428.57
56	\$282.85	\$7.14	\$289.99	\$1,145.72
57	\$284.26	\$5.73	\$289.99	\$861.46
58	\$285.68	\$4.31	\$289.99	\$575.78
59	\$287.11	\$2.88	\$289.99	\$288.66
60	\$288.55	\$1.44	\$289.99	\$0.00

Table number: 45

Source: Made by author

8.4. Income statements.

In the following part, I am going to introduce the **forecasted income statements** for the first three years. This forecast is for a normal scenario; therefore, I used the services sold for a normal scenario.

For year 2013	January	February	March	April	May	June
INCOME STATEMENT						
Net Sales						
Basic Advice	\$240	\$160	\$280	\$320	\$360	\$440
Investment Advice	\$300	\$500	\$300	\$500	\$800	\$600
Investment Planning	\$0	\$250	\$0	\$750	\$500	\$1,000
Business Advice	\$600	\$200	\$600	\$200	\$800	\$600
Statement Analysis	\$0	\$0	\$700	\$1,400	\$2,100	\$1,400
Performance Monitoring	\$0	\$0	\$0	\$2,000	\$2,000	\$0
Cost of Services	\$228	\$222	\$376	\$1,034	\$1,312	\$808
Gross Profit	\$1,140	\$1,110	\$1,880	\$5,170	\$6,560	\$4,040
General Expenses	January	February	March	April	May	June
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$100	\$0	\$100	\$0	\$100	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$75.00	\$73.93	\$72.84	\$71.76	\$70.67	\$69.57
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$300	\$300	\$300	\$300	\$300	\$300
Marketing and Advertising	\$100	\$100	\$100	\$100	\$100	\$100
Total Expenses	\$5,826.46	\$5,725.39	\$5,824.30	\$5,723.22	\$5,822.13	\$5,721.03
Net Income Before Taxes	-\$4,686.46	-\$4,615.39	-\$3,944.30	-\$553.22	\$737.87	-\$1,681.03

Table number: 46

Source: Made by author

	July	August	September	October	November	December
Basic Advice	\$400	\$320	\$480	\$600	\$560	\$720
Investment Advice	\$900	\$1,200	\$1,300	\$1,000	\$1,600	\$1,500
Investment Planning	\$1,000	\$1,250	\$250	\$1,500	\$1,000	\$1,250
Business Advice	\$800	\$1,000	\$1,400	\$800	\$600	\$1,200
Statement Analysis	\$2,100	\$1,400	\$2,100	\$700	\$21,000	\$14,000
Performance Monitoring	\$2,000	\$0	\$2,000	\$0	\$2,000	\$2,000
Cost of Services	\$1,440	\$1,034	\$1,506	\$920	\$5,352	\$4,134
Gross Profit	\$5,760	\$4,136	\$6,024	\$3,680	\$21,408	\$16,536
General Expenses	July	August	September	October	November	December
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$100	\$0	\$100	\$0	\$100	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$68.47	\$67.36	\$66.25	\$65.13	\$64.01	\$62.88
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$300	\$300	\$300	\$300	\$300	\$300
Marketing and Advertising	\$100	\$100	\$100	\$100	\$100	\$100
Total Expenses	\$5,819.93	\$5,718.82	\$5,817.71	\$5,716.59	\$5,815.47	\$5,714.34
Net Income Before Taxes	-\$59.93	\$1,582.82	\$206.29	\$2,036.59	\$15,592.53	\$10,821.66
Total End Year						\$8,198.61

Table number: 47

Source: Made by author

For year 2014	January	February	March	April	May	June
INCOME STATEMENT						
Net Sales						
Basic Advice	\$440	\$680	\$680	\$720	\$760	\$840
Investment Advice	\$700	\$1,400	\$1,000	\$1,700	\$1,200	\$1,200
Investment Planning	\$750	\$1,000	\$250	\$0	\$1,000	\$1,250
Business Advice	\$600	\$600	\$1,000	\$600	\$400	\$1,200
Statement Analysis	\$700	\$1,400	\$0	\$1,400	\$3,500	\$2,800
Performance Monitoring	\$2,000	\$0	\$2,000	\$4,000	\$0	\$2,000
Cost of Services	\$1,038	\$1,016	\$986	\$1,684	\$1,372	\$1,858
Gross Profit	\$5,190	\$5,080	\$4,930	\$8,420	\$6,860	\$9,290
General Expenses	January	February	March	April	May	June
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$100	\$0	\$100	\$0	\$100	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$75.00	\$73.93	\$72.84	\$71.76	\$70.67	\$69.57
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$300	\$300	\$300	\$300	\$300	\$300
Marketing and Advertising	\$120	\$120	\$120	\$120	\$120	\$120
Total Expenses	\$5,846.46	\$5,745.39	\$5,844.30	\$5,743.22	\$5,842.13	\$5,741.03
Net Income Before Taxes	-\$656.46	-\$665.39	-\$914.30	\$2,676.78	\$1,017.87	\$3,548.97

Table number: 48

Source: Made by author

	July	August	September	October	November	December
Basic Advice	\$520	\$680	\$880	\$1,000	\$1,200	\$600
Investment Advice	\$700	\$800	\$2,300	\$1,400	\$2,700	\$2,200
Investment Planning	\$1,000	\$750	\$500	\$1,500	\$1,750	\$750
Business Advice	\$1,000	\$1,000	\$1,400	\$1,000	\$1,200	\$1,200
Statement Analysis	\$1,400	\$1,400	\$2,100	\$700	\$3,500	\$2,800
Performance Monitoring	\$2,000	\$0	\$2,000	\$2,000	\$0	\$4,000
Cost of Services	\$1,324	\$926	\$1,836	\$1,520	\$2,070	\$2,310
Gross Profit	\$5,296	\$3,704	\$7,344	\$6,080	\$8,280	\$9,240
General Expenses	July	August	September	October	November	December
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$100	\$0	\$100	\$0	\$100	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$68.47	\$67.36	\$66.25	\$65.13	\$64.01	\$62.88
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$300	\$300	\$300	\$300	\$300	\$300
Marketing and Advertising	\$120	\$120	\$120	\$120	\$120	\$120
Total Expenses	\$5,839.93	\$5,738.82	\$5,837.71	\$5,736.59	\$5,835.47	\$5,734.34
Net Income Before Taxes	-\$543.93	-\$2,034.82	\$1,506.29	\$343.41	\$2,444.53	\$3,505.66
Total End Year						\$10,228.61

Table number: 49

Source: Made by author

For year 2015	January	February	March	April	May	June
INCOME STATEMENT						
Net Sales						
Basic Advice	\$480	\$1,200	\$920	\$680	\$880	\$760
Investment Advice	\$1,200	\$2,000	\$1,100	\$2,400	\$300	\$1,700
Investment Planning	\$1,500	\$750	\$500	\$500	\$1,000	\$750
Business Advice	\$1,000	\$400	\$800	\$800	\$800	\$1,000
Statement Analysis	\$700	\$2,100	\$2,100	\$2,800	\$3,500	\$3,500
Performance Monitoring	\$2,000	\$4,000	\$0	\$2,000	\$4,000	\$4,000
Cost of Services	\$1,376	\$2,090	\$1,084	\$1,836	\$2,096	\$2,342
Gross Profit	\$6,880	\$10,450	\$5,420	\$9,180	\$10,480	\$11,710
General Expenses	January	February	March	April	May	June
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$344.00	\$522.50	\$271.00	\$459.00	\$524.00	\$585.50
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$150	\$0	\$1,500	\$0	\$150	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$75.00	\$73.93	\$72.84	\$71.76	\$70.67	\$69.57
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$400	\$400	\$400	\$400	\$400	\$400
Marketing and Advertising	\$150	\$150	\$150	\$150	\$150	\$150
Total Expenses	\$6,370.46	\$6,397.89	\$7,645.30	\$6,332.22	\$6,546.13	\$6,456.53
Net Income Before Taxes	\$509.54	\$4,052.11	-\$2,225.30	\$2,847.78	\$3,933.87	\$5,253.47

Table number: 50

Source: Made by author

	July	August	September	October	November	December
Basic Advice	\$560	\$1,320	\$560	\$920	\$1,280	\$1,040
Investment Advice	\$2,700	\$1,700	\$700	\$1,400	\$2,000	\$2,300
Investment Planning	\$1,000	\$1,750	\$750	\$1,250	\$2,000	\$1,500
Business Advice	\$1,600	\$1,000	\$1,800	\$1,000	\$1,000	\$1,400
Statement Analysis	\$2,100	\$2,800	\$2,100	\$700	\$2,100	\$2,800
Performance Monitoring	\$2,000	\$2,000	\$4,000	\$0	\$2,000	\$4,000
Cost of Services	\$1,992	\$2,114	\$1,982	\$1,054	\$2,076	\$2,608
Gross Profit	\$7,968	\$8,456	\$7,928	\$4,216	\$8,304	\$10,432
General Expenses	July	August	September	October	November	December
Salaries	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Sales Commission	\$398.40	\$422.80	\$396.40	\$210.80	\$415.20	\$521.60
Rent	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Maintenance	\$150	\$0	\$150	\$0	\$150	\$0
Depreciation	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46	\$36.46
Interest Expenses	\$68.47	\$67.36	\$66.25	\$65.13	\$64.01	\$62.88
Utilities	\$150	\$150	\$150	\$150	\$150	\$150
Telephone	\$200	\$200	\$200	\$200	\$200	\$200
Office Supplies	\$65	\$65	\$65	\$65	\$65	\$65
Travels	\$400	\$400	\$400	\$400	\$400	\$400
Marketing and Advertising	\$150	\$150	\$150	\$150	\$150	\$150
Total Expenses	\$6,418.33	\$6,291.62	\$6,414.11	\$6,077.39	\$6,430.67	\$6,385.94
Net Income Before Taxes	\$1,549.67	\$2,164.38	\$1,513.89	-\$1,861.39	\$1,873.33	\$4,046.06
Total End Year						\$23,657.41

Table number: 51

Source: Made by author

As we can see in the three income statements, the company's activity is expected to increase monthly. According to the expected income and expenses, in the first year the benefit before taxes will be \$8,198.61, in the second year it will be \$10,228.61 and in the third year it will be \$23,657.41.

These income statements also reflect the evolution of the expenses. In the first year the expenses will be minimized, but as long as the company increases the activity, there will be greater costs in the following areas: maintenance, marketing, travels, etc.

It is necessary to point out that for the first three years the fixed wages will be the same amount, and only in the third year will the company start to pay a sales commission to the founders depending on the company's performance. It is expected that this commission will start at five percent of the gross profit, increasing in the future if the company can afford it.

8.5. Conclusions.

In this chapter I dealt with some of the most important elements in the financial analysis of the company. In the **income and expense forecast**, I talked about the initial expenses and the initial treasury.

I have also forecasted the income that will provide services according to a **general classification**: basic advice, investment advice, investment planning, business advice, statement analysis, and performance monitoring. After explaining the service features, I went over the main expenses related to daily activity.

The next part was the **financial sources** commentary. In this part I explained the two main sources of capital to found the company. The main source will be the founders' investments, \$30,000 in total. In order to increase the cash available, the company will also ask for a loan according the conditions mentioned.

Finally, I have forecasted the **income statements** for the first three years of the company. This part is especially important because according to the forecast for a normal scenario, the company is feasible and will increase its activity and its profit. The first and second years will be difficult, but as the company sells more services and gains more clients, the fixed costs will be covered and the profit will increase significantly.

If this positive trend continues, the company will contract more employees and expand to other cities as mentioned in the strategic analysis.

"Believe you can and you're halfway there".-Theodore Roosevelt.

9.

SWOT analysis.

9. SWOT analysis.

In this chapter, before the general conclusions, I am going to expose the strengths, weaknesses, opportunities, and threats for the company. After analyzing the economic situation and the environment, and after making the operative analysis, the human resources analysis, the marketing plan, and the financial analysis, I have enough information for making the SWOT analysis.

As *González F.J.* (2006) says, “If you know the threats and opportunities, the company will be able to take decisions that minimize its weaknesses or perhaps gain competitive advantages”. That is why a SWOT analysis is so important.

These are the most important conclusions from the SWOT analysis.

Weaknesses.

- Short-term fragility of cash-flow
- Possible excessive amount work for the founders
- Small size of the company and inexperience that can make customers doubt our capabilities
- A general lack of financial culture of the customers

Threats.

- Unfavorable economic conditions
- Small growth and low investment level
- Low entrance barriers for potential competitors
- Possible modifications in the finance sector that may negatively affect us

Strengths.

- High qualification of the founders
- Experience in the sector of one of the founders
- Ability to learn
- Company's flexibility
- Network of contacts
- Low costs for activity
- Low investment

Opportunities.

- Potential growth after the financial crisis and new regulations
- Opportunities for new way of making profit with the customer (Win-win situation)
- Small but constant growth in the population's financial culture
- Innovation and constant learning in order to advance above our competitors

Once we have the main conclusions of the SWOT analysis, it is necessary to think further.

How to correct the weaknesses.

- Make realistic forecasts, especially for the income statement and services sold, in order to prevent a lack of financial resources.
- Modify the forecasts, strategies, and plans to answer quickly the changes.
- Implement marketing actions to promote the company and the brand image.
- Contract new workers in order to adequately complete all tasks.

How to face the threats.

- Contain the expenses and keep low salaries for the founders so the company can survive, and use these resources to grow and consolidate its position.
- Excel in providing our services. The customers will communicate our quality; this marketing is free and very effective. Excellence will also keep the customers in our company and prevent them from going to the competitors.
- Update constantly, concerning the financial world, information technologies, law changes, etc.

How to keep our strengths.

- Promote the image of a specialized company and communicate this image to the customers. The webpage, financial blog, and other media can be used for this objective.
- Continue learning and keep updated in order to not lose this competitive advantage. Make courses, go to conventions, and get new certifications, etc.
- Communicate to potential and real customers our achievements and experience so they can have an updated image of the company and its efforts.
- Strengthen the network of contacts, making periodical calls, visit, e-mailing them, etc.

How to exploit the opportunities.

- Communicate during the crisis so when the economy grows strong again, our company is already in our potential customers' minds.
- Try to grow at the same rate or better as the sector.
- Try to make win-win situations with other companies and useful alliances.

- Try to give personalized solutions and stay in touch with the customers because one of our strengths is personalized service.
- Make personal visits to communicate with our customers.
- Stay alert to market innovations so we will be able to adapt them and offer them to our customers.
- Make contact with the public administration as a very important potential customer.

“Defeat is not the worst of failures. Not to have tried is the true failure”. -George Edward Woodberry.

10.

General Conclusions.

10. General conclusions.

In the final chapter of the present business plan, I am going to expose the final conclusions after making all the analysis, studies and forecasts for *Maemar Finances*, a company specialized in providing investment advice and financial statement analysis.

1. The company is able to survive the economic crisis and the low growth:

The current situation is unfavorable because with the crisis and the slowdown in economic growth, companies tend to spend and invest less. Nevertheless, this can be an opportunity because many companies can be interested in our services in order to control their expenses and financial situation.

2. The targeted market has uncovered needs:

Due to the delicate situation, potential customers are more concerned about asking for advice on investments. We can say something similar concerning the financial statement analysis service, more companies will be interested in a professional and affordable service that can help them to optimize their resources and cut down unnecessary expenses.

3. The economic reactivation will increase the investment activity:

When the economic grows strong again, private individuals and also companies will have more confidence and more resources to invest. It is important to start the activity as soon as possible and create a brand image, a good reputation and a customer portfolio. By doing that, the company will be in very good position to do business when the next growth period arrives.

4. Marketing policy well oriented:

The founders have planned different communication activities that will contribute to create a professional image. Cold calls, commercial visits, e-mails, handouts, webinars, etc. Most of these actions have reduced costs and high impact on the potential customers.

5. **Innovation and permanent contact with the market:** The founders and the future workers will be updated about the latest products and investments. Besides that, permanent update will allow *Maemar Finances* to implement the most new processes and ideas to maintain a competitive advantage over the competitors.
6. **The company is feasible:** As we have seen in the income statement analysis, the company will have benefits for a normal scenario situation. Even in the case of a pessimistic scenario, the company can have a possibility of being feasible implementing some modifications and cutting expenses.
7. **A personal conclusion:** From a personal point of view, I want to say that doing this business plan has been very interesting. I have an image of the U.S.A's economy and also Missouri and Springfield. All the following analysis were an excellent practice for many business areas such as: business strategy, process planning, marketing, financial statements, etc.

It has been a great exercise. By writing this project I summarized and used knowledge from all the courses I completed during my degree. This business plan has been a tool to learn more and it may be very useful for my future in case I ever think about creating a business.

"A #2 pencil and a dream can take you anywhere". -Joyce A. Myers.

11.

Bibliography.

11. Bibliography.

- **Books:**

ABRAMS Rhonda. ***The Successful Business Plan: Secrets and Strategies.*** Third edition. California. ISBN: 0-9669635-2-0.

AGUEDA TALAYA, Esteban. ***Principios de Marketing.*** Second Edition. Ed. ESIC 2006. ISBN: 9788473564687.

AMAT, Oriol. ***Análisis económico financiero.*** Eleven Edition. Barcelona: Ed. Gestión 2000. ISBN: 9788480885386.

Weitz, Barton A., Castleberry, Stephen B., Tanner, John F. Jr.: ***Selling Building Partnerships.*** (Seventh Edition): McGraw - Hill; Irwin. ISBN: 9780073381084.

BODIE KANE, Marcus. ***Essential of Investments.*** Eight Edition. Ed. McGraw-Hill Irwin, 2009. New York. ISBN: 978-0-07-724605-1.

CRAWFORD, J.Kent. ***The Strategic Project Office.*** Ed. Taylor & Francis Group, 2002. ISBN: 9780824707508.

DALMAU PORTA, Juan Ignacio y HERVÁS OLIVER, JoseLuís. ***Estrategia y política de empresa, una introducción.*** First Edition. Valencia. Ed. UPV, 2003. ISBN: 9788497054621.

GENDRON George. ***Anatomy of a Start-up.*** Ed. Goldhirsh Group, Boston 1991. First Edition. ISBN: 0-9626146-8-8. JOHNSON, Gerry and SCHOLLES, Kevan. ***Dirección Estratégica.*** Madrid. First Edition. Ed. Prentice Hall. ISBN: 9788420546186.

KOTLER, Phillip. ***El Marketing de los servicios profesionales.*** Twelve Edition. Madrid. Ed. Pearson Educación, 2006. ISBN: 9788420544632.

LODISH, Leonard, MORGAN, Howard and ARCHAMBEAU, Shellye. ***Marketing that works.*** Ed. Wharton School Publishing. U.S.A. 2007. ISBN: 0-13-239075-2.

LOVELOCK, Christopher H. ***Mercadotecnia de servicios.*** Third edition. México: Ed. Prentice Hall, 1997. ISBN: 96888380858X.

MUND, Vernor A. ***Government and Business.*** Fourth Edition. Ed. Harper & Row Publishers. New York. ISBN: 978986511139.

PENMAN, Stephen H. ***Financial Statement Analysis and Security Valuation***. Fourth Edition. Ed. McGraw-Hill Irwin, 2010. New York. ISBN: 978-0-07-337966-1.

REYNOLDS, Paul D. and WHITE B. Sammis. ***The Entrepreneurial Process***. Ed. Quorum Books 1997. ISBN: 1567200125.

RICHMAN, Peter. ***The insider's guide to growing a small business***. Ed. Macmillan Spectrum, USA. ISBN: 0-02-860176-4.

ROSE, Peter and HUDGINS Sylvia. ***Bank Management and Financial Services***. Eight Edition. Ed. McGraw-Hill Irwin, 2010. New York. ISBN: 978-0-07-724592-4.

- **Internet consults:**

New York Times Journal:

<http://topics.blogs.nytimes.com/2008/12/26/origins-of-the-economic-crisis-in-one-chart/>

International Monetary Fund:

<http://www.imf.org/external/country/USA/index.htm>

<http://www.imf.org/external/pubs/ft/weo/2012/update/01/index.htm>

United States. Department of Labour:

http://www.bls.gov/eag/eag.mo_springfield_msa.htm

http://www.bls.gov/eag/eag.mo_springfield_msa.htm

U.S. Census Bureau:

<http://www.census.gov/construction/nrs/>

<http://censtats.census.gov/cgi-bin/cbpnaic/cbpdetl.pl>

Trading economics:

<http://www.tradingeconomics.com/united-states/gdp-growth>

Wikipedia U.S.A. Economy:

http://en.wikipedia.org/wiki/Economy_of_the_United_States

http://en.wikipedia.org/wiki/United_States_public_debt

Missouri Economy:

<http://www.missourieconomy.org/indicators/gsp/index.stm>

<http://www.missourieconomy.org/pdfs/manufacturing.pdf>

The World Bank: International Finance Corporation:

<http://www.doingbusiness.org/data/exploreeconomies/united-states/>

Census Scope:

http://www.censusscope.org/us/s29/chart_age.html

Department of Numbers:

<http://www.deptofnumbers.com/unemployment/missouri/>

Springfield, Missouri:

<http://www.business4springfield.com/data-profile/overview/n>

Missouri State University, Bureau of Economic Research.

<http://www.business4springfield.com/data-profile/income-wage-rates/>

12.

Annexes.

The three different business cards:


Maemar Finances
www.maemarfinances.com



Joe Armstrong
Executive Director

Boonville street. Springfield Missouri
417-101-8485

Maemar Finances
www.maemarfinances.com



Oscar Martinez
Financial Advisor

Boonville street. Springfield Missouri
417-101-8481

Maemar Finances
www.maemarfinances.com



Chrystie Ha
Financial Statement Analyst.

Boonville street. Springfield Missouri
417-101-8478

Sales forecast for the first three years in a **pessimistic scenario** for investment advice service.

First year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	2	3	4	5	7	9
	income	\$80	\$120	\$160	\$200	\$280	\$360
Investment Advice	sold	1	3	3	5	6	5
	income	\$100	\$300	\$300	\$500	\$600	\$500
investment Planning	sold	0	1	0	1	1	2
	income	\$0	\$250	\$0	\$250	\$250	\$500
		July	August	September	October	November	December
Basic Advice	sold	7	8	12	11	12	15
	income	\$280	\$320	\$480	\$440	\$480	\$600
Investment Advice	sold	7	8	9	10	12	15
	income	\$700	\$800	\$900	\$1,000	\$1,200	\$1,500
investment Planning	sold	3	3	2	4	4	5
	income	\$750	\$750	\$500	\$1,000	\$1,000	\$1,250
	Total	\$18,700					

Second year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	11	12	14	12	17	18
	income	\$440	\$480	\$560	\$480	\$680	\$720
Investment Advice	sold	7	10	10	12	8	9
	income	\$700	\$1,000	\$1,000	\$1,200	\$800	\$900
investment Planning	sold	2	2	1	0	3	2
	income	\$500	\$500	\$250	\$0	\$750	\$500
		July	August	September	October	November	December
Basic Advice	sold	13	17	22	17	24	15
	income	\$520	\$680	\$880	\$680	\$960	\$600
Investment Advice	sold	7	8	23	14	21	17
	income	\$700	\$800	\$2,300	\$1,400	\$2,100	\$1,700
investment Planning	sold	4	3	0	4	5	3
	income	\$1,000	\$750	\$0	\$1,000	\$1,250	\$750
	Total	\$29,530					

Third year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	12	17	16	17	20	17
	income	\$480	\$680	\$640	\$680	\$800	\$680
Investment Advice	sold	12	17	11	20	7	11
	income	\$1,200	\$1,700	\$1,100	\$2,000	\$700	\$1,100
investment Planning	sold	3	0	2	2	3	2
	income	\$750	\$0	\$500	\$500	\$750	\$500
		July	August	September	October	November	December
Basic Advice	sold	14	33	14	23	32	26
	income	\$560	\$1,320	\$560	\$920	\$1,280	\$1,040
Investment Advice	sold	24	8	9	14	14	17
	income	\$2,400	\$800	\$900	\$1,400	\$1,400	\$1,700
investment Planning	sold	4	5	3	5	4	6
	income	\$1,000	\$1,250	\$750	\$1,250	\$1,000	\$1,500
	Total	\$35,790					

Sales forecast for the first three years in an **optimistic scenario** for investment advice service.

First year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	4	5	7	9	9	13
	income	\$160	\$200	\$280	\$360	\$360	\$520
Investment Advice	sold	3	5	5	5	8	8
	income	\$300	\$500	\$500	\$500	\$800	\$800
investment Planning	sold	0	2	1	4	1	4
	income	\$0	\$500	\$250	\$1,000	\$250	\$1,000
		July	August	September	October	November	December
Basic Advice	sold	10	8	14	20	14	17
	income	\$400	\$320	\$560	\$800	\$560	\$680
Investment Advice	sold	9	11	15	12	17	16
	income	\$900	\$1,100	\$1,500	\$1,200	\$1,700	\$1,600
investment Planning	sold	4	6	3	7	4	5
	income	\$1,000	\$1,500	\$750	\$1,750	\$1,000	\$1,250
	Total	\$26,850					

Second year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	12	17	16	19	20	21
	income	\$480	\$680	\$640	\$760	\$800	\$840
Investment Advice	sold	9	14	11	17	15	16
	income	\$900	\$1,400	\$1,100	\$1,700	\$1,500	\$1,600
investment Planning	sold	4	5	1	2	6	5
	income	\$1,000	\$1,250	\$250	\$500	\$1,500	\$1,250
		July	August	September	October	November	December
Basic Advice	sold	16	17	22	25	30	18
	income	\$640	\$680	\$880	\$1,000	\$1,200	\$720
Investment Advice	sold	9	10	20	16	27	25
	income	\$900	\$1,000	\$2,000	\$1,600	\$2,700	\$2,500
investment Planning	sold	4	5	3	6	7	5
	income	\$1,000	\$1,250	\$750	\$1,500	\$1,750	\$1,250
	Total	\$41,470					

Third year							
Service		January	February	Mars	April	May	June
Basic Advice	sold	20	30	23	19	22	21
	income	\$800	\$1,200	\$920	\$760	\$880	\$840
Investment Advice	sold	14	20	114	24	13	17
	income	\$1,400	\$2,000	\$11,400	\$2,400	\$1,300	\$1,700
investment Planning	sold	6	4	4	6	4	7
	income	\$1,500	\$1,000	\$1,000	\$1,500	\$1,000	\$1,750
		July	August	September	October	November	December
Basic Advice	sold	14	30	17	23	34	28
	income	\$560	\$1,200	\$680	\$920	\$1,360	\$1,120
Investment Advice	sold	27	17	17	16	20	23
	income	\$2,700	\$1,700	\$1,700	\$1,600	\$2,000	\$2,300
investment Planning	sold	6	7	4	5	8	9
	income	\$1,500	\$1,750	\$1,000	\$1,250	\$2,000	\$2,250
	Total	\$60,940					

Sales forecast for the first three years in a **pessimistic scenario** for financial statement analysis service.

First year							
Service		January	February	Mars	April	May	June
Business advice	sold	1	1	1	2	2	1
	income	\$200	\$200	\$200	\$400	\$400	\$200
Statement analysis	sold	0	0	1	1	2	2
	income	\$0	\$0	\$700	\$700	\$1,400	\$1,400
Performance monitoring	sold	0	0	0	1	0	0
	income	\$0	\$0	\$0	\$2,000	\$0	\$0
		July	August	September	October	November	December
Business advice	sold	3	4	3	4	3	4
	income	\$600	\$800	\$600	\$800	\$600	\$800
Statement analysis	sold	2	2	3	0	2	2
	income	\$1,400	\$1,400	\$2,100	\$0	\$1,400	\$1,400
Performance monitoring	sold	1	0	0	0	0	1
	income	\$2,000	\$0	\$0	\$0	\$0	\$2,000
Total		\$23,700					

Second year							
Service		January	February	Mars	April	May	June
Business advice	sold	2	1	0	3	2	4
	income	\$400	\$200	\$0	\$600	\$400	\$800
Statement analysis	sold	1	0	0	2	3	4
	income	\$700	\$0	\$0	\$1,400	\$2,100	\$2,800
Performance monitoring	sold	1	0	0	1	0	1
	income	\$2,000	\$0	\$0	\$2,000	\$0	\$2,000
		July	August	September	October	November	December
Business advice	sold	3	5	4	5	3	5
	income	\$600	\$1,000	\$800	\$1,000	\$600	\$1,000
Statement analysis	sold	2	1	1	1	3	4
	income	\$1,400	\$700	\$700	\$700	\$2,100	\$2,800
Performance monitoring	sold	0	0	1	1	0	2
	income	\$0	\$0	\$2,000	\$2,000	\$0	\$4,000
Total		\$36,800					

Third year							
Service		January	February	Mars	April	May	June
Business advice	sold	5	2	3	4	3	4
	income	\$1,000	\$400	\$600	\$800	\$600	\$800
Statement analysis	sold	1	2	2	4	3	5
	income	\$700	\$1,400	\$1,400	\$2,800	\$2,100	\$3,500
Performance monitoring	sold	1	0	0	1	1	1
	income	\$2,000	\$0	\$0	\$2,000	\$2,000	\$2,000
		July	August	September	October	November	December
Business advice	sold	6	5	7	5	4	6
	income	\$1,200	\$1,000	\$1,400	\$1,000	\$800	\$1,200
Statement analysis	sold	2	3	1	0	2	4
	income	\$1,400	\$2,100	\$700	\$0	\$1,400	\$2,800
Performance monitoring	sold	1	0	1	0	1	1
	income	\$2,000	\$0	\$2,000	\$0	\$2,000	\$2,000
	Total	\$47,100					

Sales forecast for the first three years in an **optimistic scenario** for financial statement analysis service.

First year							
Service		January	February	Mars	April	May	June
Business advice	sold	3	2	3	2	4	5
	income	\$600	\$400	\$600	\$400	\$800	\$1,000
Statement analysis	sold	0	1	1	2	3	2
	income	\$0	\$700	\$700	\$1,400	\$2,100	\$1,400
Performance monitoring	sold	0	0	1	0	1	0
	income	\$0	\$0	\$2,000	\$0	\$2,000	\$0
		July	August	September	October	November	December
Business advice	sold	4	5	7	5	4	6
	income	\$800	\$1,000	\$1,400	\$1,000	\$800	\$1,200
Statement analysis	sold	3	3	3	2	3	2
	income	\$2,100	\$2,100	\$2,100	\$1,400	\$2,100	\$1,400
Performance monitoring	sold	1	0	1	1	1	1
	income	\$2,000	\$0	\$2,000	\$2,000	\$2,000	\$2,000
Total		\$41,500					

Second year							
Service		January	February	Mars	April	May	June
Business advice	sold	4	4	5	3	3	6
	income	\$800	\$800	\$1,000	\$600	\$600	\$1,200
Statement analysis	sold	3	2	2	3	5	5
	income	\$2,100	\$1,400	\$1,400	\$2,100	\$3,500	\$3,500
Performance monitoring	sold	1	1	1	2	1	1
	income	\$2,000	\$2,000	\$2,000	\$4,000	\$2,000	\$2,000
		July	August	September	October	November	December
Business advice	sold	5	5	7	5	6	6
	income	\$1,000	\$1,000	\$1,400	\$1,000	\$1,200	\$1,200
Statement analysis	sold	4	3	3	3	5	4
	income	\$2,800	\$2,100	\$2,100	\$2,100	\$3,500	\$2,800
Performance monitoring	sold	1	1	1	1	1	2
	income	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$4,000
Total		\$69,200					

Third year							
Service		January	February	Mars	April	May	June
Business advice	sold	5	4	4	4	5	5
	income	\$1,000	\$800	\$800	\$800	\$1,000	\$1,000
Statement analysis	sold	3	3	4	4	6	5
	income	\$2,100	\$2,100	\$2,800	\$2,800	\$4,200	\$3,500
Performance monitoring	sold	1	2	1	1	2	2
	income	\$2,000	\$4,000	\$2,000	\$2,000	\$4,000	\$4,000
		July	August	September	October	November	December
Business advice	sold	8	6	9	5	10	7
	income	\$1,600	\$1,200	\$1,800	\$1,000	\$2,000	\$1,400
Statement analysis	sold	5	4	5	4	4	4
	income	\$3,500	\$2,800	\$3,500	\$2,800	\$2,800	\$2,800
Performance monitoring	sold	1	1	2	1	1	2
	income	\$2,000	\$2,000	\$4,000	\$2,000	\$2,000	\$4,000
	Total	\$84,100					

13.

Resumen.

13. Resumen.

El tema para el presente trabajo de fin de carrera ha sido el desarrollo de un plan de empresa para la puesta en marcha de una asesoría financiera especializada en inversiones y en análisis de los estados financieros. *Maemar Finanzas*.

En el **capítulo dos** se mencionan las asignaturas relacionadas y la metodología utilizada para su redacción así como el objetivo de que el plan de empresa sirva como punta de lanza del proyecto de apertura de la asesoría. El **capítulo tres** contiene la justificación del proyecto y explica la situación económica de los Estados Unidos, haciendo una breve referencia al pasado reciente y a las cifras actuales. En este capítulo se manifiesta la recuperación de Estados Unidos tras la crisis de 2008, atendiendo a los indicadores positivos pero también negativos que han de ponernos en alerta sobre la coyuntura.

El **capítulo cuatro** versa sobre el entorno. En él se analiza el entorno externo y se llevan a cabo el análisis PESTEL y el de las cinco fuerzas de Porter. De este modo nos aproximamos al sector y anticipamos las interrelaciones que afectarán a la empresa. El trabajo sigue con el **capítulo cinco**, en el que se explica que la localización será el centro de la ciudad de Springfield y se comentan sus ventajas. Después se describen los procesos para prestar el servicio y se comentan sus características.

El siguiente **capítulo** es el **seis**, que contiene el análisis de los recursos humanos. En dicho capítulo se establece el organigrama y las relaciones de poder y se describen las tareas que llevarán a cabo los tres socios fundadores. Básicamente, el socio de más experiencia coordinará la actividad globalmente y los otros dos socios se encargarán cada uno de una rama de actividades.

El **capítulo siete** introduce el plan de marketing. En él se determina el público objetivo y se desarrollan las variables del marketing mix: política de precios, distribución, producto y comunicación. En dicho capítulo se dan una muestra de las acciones

comerciales que *Maemar Finanzas* puede realizar para generar una imagen profesional y conseguir clientes.

El **capítulo ocho** explica el análisis financiero de la empresa. Detalla los ingresos por tipo de servicio y los costes de apertura de la empresa. También explica los gastos de actividad y presenta una cuenta de ingresos y gastos para los primeros tres años en un escenario neutral. La siguiente parte del capítulo detalla las fuentes de financiación que permitirán obtener el capital necesario para que la empresa pueda funcionar. Este capital provendrá de las aportaciones de los socios así como de un préstamo. Las previsiones para los distintos escenarios y el desglose del préstamo pueden encontrarse en dicho capítulo o en los anexos.

El **capítulo nueve** sintetiza toda la información presente en los anteriores capítulos y en él se redacta el análisis DAFO para identificar debilidades, amenazas, fortalezas y oportunidades. Tras el análisis DAFO se realiza la matriz CAME, que explica como la empresa planea corregir las debilidades, afrontar las amenazas, mantener las fortalezas y explotar las oportunidades. Este capítulo será básico para entender las condiciones de la futura empresa y trabajar en la estrategia a aplicar así como en solucionar o minimizar las carencias y amenazas.

El **capítulo diez** presenta las conclusiones generales obtenidas tras la redacción del trabajo y en base a toda la información anteriormente expuesta. Cabe destacar que una de las conclusiones es que la empresa será viable en un entorno probable y que su flexibilidad le permitirá afrontar la mayoría de retos y por tanto, sobrevivir y crecer en el mercado.

El **capítulo once** incluye la bibliografía, recogiendo los libros utilizados y consultados durante la redacción del TFC y las consultas electrónicas llevadas a cabo. El trabajo termina con los anexos, en los que se incluyen diversas tablas de datos para escenarios pesimistas y optimistas, y por último, el presente resumen en castellano que describe brevemente el trabajo realizado comentando los principales puntos del mismo.

