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Home Appliances Workshop

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The points of view expressed in this study reflect the author opinion.

Summary

The following feasibility study represents home appliances and electronic repair shop operating and financial plan for the coming five years. The feasibility study draws on the nature of the work, the working conditions of individuals involved, the market potential, and the projected financial results.

The home appliance and electronic repair shop is mainly involved in repair, maintenance and installation of home appliance such as dryer, washer, dishwasher, refrigerator, and entertainment electronic equipment such as TV, video, and antenna. The owner of the repair shop is usually, assisted by one worker depending on the volume of business.

Employment in the appliance repair industry is expected to increase during economic downturn due to the decrease in people's purchasing power where people tend to repair their home appliances and electronic equipment rather than replace them. Whereas employment in the electronic repair industry is subject to decrease due to lower priced items and the availability of substitutes.

Direct competitors of a home appliance and electronic repair shop, are dealers of home appliances who offer guarantee and reliability of service. Repairers have a large target market as their job is related to an everyday used equipment or machine. It consists of households, hospitals, hotels, schools, and sport clubs.

The financing requirements are 2 600 \$US of which 1 600 \$US will be taken as a loan and reimbursed over a period of two years in equal monthly installments with an interest rate of 8,5 % per year. The remaining 1 000 \$US will represent the contribution of owner. The total investment in the first year will be used to buyout the equipment necessary to startup the business. According to the nature of the business, we did not provide for working capital needs.

Total sales are expected to be 37 310 \$US in year one of operation and increase gradually to reach 64 461 \$US in year five. The gross profit margin in year one is 44 %; it increases over the years reaching 49 % in year five. The net profit will increase from 7 207 \$US in year one to 19 548 \$US in year five; the resulting net profit margin is 19 % in year one and it increases over the years reaching 30 % in year five.

The cash flow generated by the operating activities will allow the home appliance repairer to have the funds to reimburse the loan in two years.

The overall performance of the home appliance and electronic repairer is subject to the realization of the projected services volume depending on the repairer connections.