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LAUNDRY

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

Summary

The following feasibility study represents a laundry operating and financial plan for the coming five years. The laundry is run by the family members, and it will probably be located near the laundry owner residence.

The laundry services include cleaning, pressing and ironing. It can service any type of garment. The volume of business is affected by its location, the season, the area and economical situation.

Laundries get their business from nearby areas, from referrals and from hospitals and hotels if arrangements have been made.

Direct competitors of laundries are nearby laundries offering better services and offering pick up and delivery services.

The financing requirements are 29 500 \$US of which 12 000 \$US will be taken as a loan and reimbursed over a period of two years in equal monthly installments. The remaining 17500 \$US will represent the owners' contribution. The financing requirements cover the cost of equipment, and the required working capital during the first year.

Total sales are expected to be around 27 000 \$US in the first year and will increase gradually to exceed 42 000 \$US in the fifth year. The gross profit margin in the first year is 86 %; it increases over the years reaching 87 % in the fifth year. The net profit will increase from 7 355 \$US in the first year to 13 325 \$US in the fifth year; the resulting net profit margin is 27 % in the first year and it increases over the years reaching 32 % in the fifth year.

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

Efficient management of labor and costs, good marketing and distribution strategy, professionalism and punctuality in delivering services all affect the laundry's projected sales. Thus the overall performance of the laundry is subject to the realization of all the above factors.