1. **Executive summary:**

Our business will provide glass to the booming Asian automobile market. Our business model is organized, and we have a hierarchy of power that will keep our employees working as efficiently as possible. We chose Asia because it is in a point of high development, and many people are buying a new car, which means that a lot of glass is required. Our materials are imported from all over Asia, and shipped to our centralized location in Hong Kong, from which it is assembled, packaged, and shipped out to buyers. Our employees will be well-paid, and highly trained. They will report to the four superior Vice presidents, who report to the CEO. We chose Hong Kong as a location because there is free trade, cheap labor, and it is central in Asia, which makes it easier for us to ship our glass. We made a huge net profit of $1,983,445, which makes our business very profitable. We got a huge return for the amount of money we put in, and this will help our business expand, as well as keep maintaining profits and increasing them for the next year. Our plan for the future of the company is to start new sectors of our business overseas, especially in countries such as the US and Russia. If our profits keep expanding, within 4 years we will be able to start producing and shipping from Russia, and this will keep on increasing our profit.

**Introduction** Nick and Andrew

We are relocating an Indian glass company, AIS Glass to Hong Kong. This decision is based on the rapidly growing car production in the East Asia areas with companies such as Hyundai, Nissan, Honda and Toyota. Hong Kong has a large area outside of the city containing many factories and land for glass production. Hong Kong is also located near Japan who is a large producer in automotive vehicles leaving an abundant need for the materials needed to produce these goods including auto glass. Our target market for our automotive glass is the companies Hyundai, Nissan, Honda, Toyota and any local automotive vehicle body shops. The four Automotive vehicle companies Hyundai, Nissan, Honda and Toyota all produce a large amount of goods that are exported throughout the world to places including north and south America, most European countries and throughout all of Asia. This shows that obtaining market share will not be too complicated considering the rapid growth in automotive production. The capital needed to start the factory in Hong Kong can easily be obtained from AIS glass based on their size in India. Hong Kong being as close to japan as it is and how much room there is for new factories makes it the optimal place to start this business in the cheapest way.

Part 3A.

Andrew Allen

Hong Kong has a capitalist economy that is highly monitored. The population is 7.188 million. The labor force is 3.65 million. The GDP is 381.3 Billion USD. Hong Kong has many factories; the working conditions are not very good. The natural resources are minerals, quarried rock and stone, and offshore sand deposits. The technology is advanced. There are many opportunities to start a business in Hong Kong. Hong Kong is the world’s 10th largest trading economy. Imports/ exports, raw materials, machinery and parts, and many consumer goods are all imports. There is a lot of foreign investment in Asia, and Hong Kong is a hub for international trade. %. The unemployment rate is 3.3%, and the inflation rate is 4%. The GDP growth is 3-4%.

The political structure is run by the government. Hong Kong has 2 parties: the Democratic Party, and the pro-Government party. The economy is run by the government. The government regulates everything; there is free trade with government approval. Embargoed countries are: Cote D’Ivoire, Democratic Republic of the Congo, Eritrea, Iran, Liberia, Libya, North Korea, Somalia, and terrorism financing. Free port, a major trading hub, has no customs tariff and no tariff quota.

Labor laws: Wage protection, rest days, holidays with pay, paid annual leave, sickness allowance, maternity protection, severance payments, long service payments, employment protection, termination of employment contract, and protection against anti-union discrimination. There are no tax duties to export car glass. Import taxes for the US (avg. 5.63 %). Provides services to China. The growth is 2.9. Australia and Hong Kong have a strong trade relationship.

Part 3B.

Hong Kong is located in Eastern Asia. The climate is a tropical monsoon; cool and humid in winter, hot and rainy in summer, and warm & sunny in fall. The geographic distribution is many people live in the center and suburbs. 93.5% of the population attend(ed) school. The median population age is 43.2. Income levels range from low to very high. The population is mostly Chinese with a large Filipino and Indonesian population. Sunday family dinner is very important, as well as honoring ancestors. The political system is a limited democracy. The religion is 90% local religions (Confucian and Taoist), and 10% Christianity. The arts are very important and the living conditions are cramped. Types of housing available are mostly apartments. National dress customs include traditional robes and dress. For recreation, they play many sports, with ping pong being very popular. The languages spoken are Mandarin and a lot of English. Our competitors are other car companies such as Baolong.

Our target market is customers with cars and a medium to upper class economic level. The age range is 18-70 years. The earnings of middle to upper class families in Hong Kong are usually from $22,000-$100,000 The family income range is $30,000. Our customers will come from the city and mainland China. People who purchase from us will have cars or connections to the automotive industry. Our customers will browse through different glass types, sizes, and tints online and decide which one they like best. They would not buy this product often. They research and buy, and then purchases the product.

Analysis: We picked Hong Kong because of the cheap labor and centralized location. Hong Kong is populated by many craftsmen and suppliers, and it is surrounded by other booming Asian countries with a huge automotive industry, and a large market for cars. Hong Kong is a free trade state and does not require many documents to import and export. We will have to fill out a declaration of goods and go through a search. We will also need a sales contract and a promissory note to import resources.

**IV. PLANNED OPERATION OF THE PROPOSED BUSINESS/PRODUCT/SERVICE**

**A. Proposed organization**.

Our global organization will be a mix between customer and functional structures. Our target market is not local with our manufacturing plant so our sales, marketing and human resources will have to use decentralized decision making to allow a customer based structure adhering to the Japanese market as opposed to trying to orient our product on Hong Kong’s customs. The functional structure will be centralized decision making allowing our financing, engineering, and operations to easily communicate with the branches set up in Japan creating a strategic chain of commands. We chose to use formalized business control, which means that employees will always be striving to please their superiors. We will have a strategic leader (CEO) based in Hong Kong along with the vice presidents of the finance, engineering, operations, and human resources. In Japan we will locate the vice presidents of sales and marketing branches along with the general managers of the financing and human recourses branches. We chose to locate the sales and marketing branch in Japan so they can make the decentralized decisions based on their better understanding of the Japanese culture.

Since our business is centralized in Hong Kong but our market is located in Japan we will use e-commerce or the internet to expand internationally. The internet is a great modern source of advertising because it is accessible to anyone, anywhere. We also may consider export intermediaries who are more informed on the Japanese culture to make the communication between our business and our target market run a lot smoother. The Chinese and Japanese have not always had the best relationship so we accounted for this by deciding to hire Japanese personnel to run our Japanese branches to eliminate this cultural barrier.

Steps to starting our business:

|  |
| --- |
| 1st  Finding the least costly location to place our manufacturing plant in Hong Kong will take precedent. It must be large enough for our equipment but cheap enough to allow the largest profit margin. It must also be near to, or have easy access to a port. We will hire employees by putting out job ads in papers and on TV, and they must have college degrees for higher roles, and high school degrees for all positions. We will hire webpage designers to design our website. We will have employees take a course on customer relations. We will take a loan that is slightly larger than the cost of the startup. We will need licenses for importing and exporting, including declarations, tax forms, and customs papers.  2nd  We will need to secure an initial loan of $750,000. This will cover the costs of the warehouse space, equipment, and necessary resources.  3rd  We will need to hire vice presidents to run each branch. We will need to find experienced Japanese personnel to run our sales and marketing branches in Japan.  4th  We will also need to hire someone to create our website to make it as accessible and intuitive as possible to make our customers buying process and communication as easy as we can.  5th  We will also need to develop a strong relationship will our target market to allow us easy integration into the market. |

We will initially need to employ four vice presidents who are experienced in managing each of the six different branches of financing, engineering, operations, human resources, sales and marketing. Our sales and marketing branches are located in Japan so we will need to make sure our sales and marketing vice presidents are personnel experienced with the Japanese culture and are fully fluent in both Japanese and Chinese to make communication between all branches as easy as possible. We will also need to employ forty personnel to run the factory equipment.

Chain of commands: The forty factory workers will report to the general manager of the operations branch, who in return will report to the vice president of the operations branch, who, along with the other vice presidents will report to the CEO.

.

4B

AIS glass will be providing different sizes of glass for cars. Our glass is specialized, and uses high quality resources to fir the customer’s order perfectly, as well as being cheaper due to mass production. We will have glass available from individual orders, which will be delivered and ordered online. We will also have partnerships for car companies, so the cars come pre-made with our glass. We will not have any store locations, only online-ordered deliveries. By selling car glass, we will fit the needs of our target market because we will be selling to car companies and people who want higher quality glass for their cars. We will be adapting and modifying the glass to fit car frames in Asia. Our potential supplier is Sibelco (a Belgium-based Company with Asian headquarters), from whom we will purchase silica sand, which is the main ingredient in making clear glass. We will be making our product in Hong Kong factories because of the cheap prices of resources and tools, and affordable wages for workers. We plan to keep a month of stock (40,000 panes of glass) because we want to have a backup in case newly-made glass breaks or there is a sand shortage. customers will select their glass online. We will use air transport for small orders, large freighters for large orders, and trucks for medium-sized orders on the Chinese mainland. The port of origin will be the port of Hong Kong, and the point of destination will be any port in Asia (Port of Tokyo, port of Ho Chi Minh) that ordered the glass. The cost for shipping by freighter is less expensive than shipping by airplane. The risks of shipping could be crashes or natural disasters such as flooding from monsoons, and tsunamis. The benefits of shipping by air are that it is very fast. The benefits of shipping by freighter are that it can hold a lot of merchandise for a relatively cheap cost. To transport we will need a bill of lading, dock receipt, air bill, pro forma invoice, statement of origin, commercial invoice, a packing list, and inspection certificate, and an insurance policy certificate. Our channels of distribution are wholesale middlemen, who will negotiate on our behalf in other countries, so that car companies buy our glass. We will also need a warehouse to store our glass, located in Hong Kong. Our company specializes in providing glass for Asia, and does not ship to other continents.

4C

The currency that will be used most frequently in our business is the Hong Kong dollar. The pricing policy for our glass will be two options; high quality, expensive premium glass or medium quality, medium-priced glass. Our glass will be slightly more expensive than the competition’s because we will use quality ingredients imported from abroad. The political instability in Asia can affect the prices, as well as competitors, import/export taxes, tariffs on trade, and costs of shipping the glass. Our products vary in cost, but a car windshield costs approximately $300, compared to the average $230-270. We face expenses on shipping, producing, and importing products. Our pricing strategy is based on what the customer orders online, and we cater to their needs. If the customer chooses a higher quality custom-made glass, it will be more expensive than a generic glass.

Our promotional program consists of TV and billboard ads all over Asia. We will host programs for charity to gain international attention. We will also use TV to advertise, and we will contact popular TV shows all over China and Asia (such as “the voice of China”) and prepare advertisements for our glass. The costs for advertisement are high, but they will pay off when customers start flowing in. Our one-year promotional plan outline is to start with billboards in Hong Kong, and expand to various media sources throughout the year.

January 2016- Billboard ads in Hong Kong, newspaper ads

February- Ad campaign on Facebook and instagram

March- Ad in the voice of china

April- ad in “Swordsman” TV show

May- Ad in Duzhe magazine

June- Charity work

July- Focus on improving previous campaigns

August- Ad in Rayli magazine

September- Social development programs

November- Glass Ad integrated within car ads

October- Plans for the next year

December- Savings month

V. **Planned Financing**

**IBP Financial Statement**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| AIS glass.jpg | **AIS Glass** | | | | |
|  |  | 21% | 23% | 26% | 30% |
|  | Year | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| Sales | $4,783,479 | $1,004,530 | $1,100,200 | $1,243,704 | $1,435,043 |
| Cost/Goods Sold (30%) | $1,435,043 | $210,951 | $253,046 | $323,363 | $430,512 |
| Gross Profit | $3,348,436 | $793,579 | $847,154 | $920,341 | $1,004,531 |
|  |  |  |  |  |  |
| Expenses |  |  |  |  |  |
| Management (5%) | $239,173 | Q1 Sales  x .05 =50,226 | Q2 Sales  X .05 =55,010 | Q3 Sales  x. 05= 62,185 | Q4 Sales  X .05=  71,752 |
| Other Salaries (30%) | $1,435,043 | $301,359 | $330,060 | $373,111 | $430,513 |
| Rent (9%) | $430,513 | $90,408 | $99,018 | $111,933 | $129,154 |
| Advertising (3%) | $143,504 | $30,135 | $ | $ | $43,051 |
| Supplies/Postage (.005%) | $23,917 | $50 | $ | $ | $ |
| Utilities (3.2%) | $153,071 | $ | $ | $ | $ |
| Insurance (.005%) | $239 | $50 | $ | $ | $ |
| Payroll Tax & Benefits ( 7.8%) | $373,111 | $ | $ | $ | $ |
| Legal ( .009%) | $430 | $ | $ | $ | $ |
| Misc ( .009%). | $430 | $ | $ | $ | $ |
| Loan (0%) | N/A | $ | $ | $ | $ |
| Credit Card Fees ( .005%) | $239 | $50 | $ | $ | $ |
| License/Fees | $125 | $125 | $125 | $125 | $125 |
| Bad Debt ( .005%) | $239 |  |  |  |  |
|  |  |  |  |  |  |
| Total Expenses | $2,800,034 |  |  |  |  |
|  |  |  |  |  |  |
| Net Profit | $1,983,445 |  |  |  |  |