Innovative Business Proposal on Learning Square

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Abstract

Learning Square is a start-up company that will develop a line of educational tools for children that are fun and engaging. The first is Number Toy, a fun toy that teaches children number skills. The second product is Letter Toy which as the name hints, helps children quickly conquer the alphabet. While all the products are educational tools that develop core skills within the youngster users, they are fun to play with, thereby encouraging tots to use them often. Learning Square has identified three keys to success that are instrumental in the sustainability of the business. Number one is the need to develop creative, educational, and engaging toys. The last key to success is the need to listen to customers, effectively creating a feedback mechanism for product improvement. The second market segment that will be addressed is wholesale purchasers, typically organizations that are purchasing the products for their clients to use. The yearly sales will rise to 98, 00,000 in year three. Learning Square is destined to succeed due to a combination of seasoned management, excellent product development, and the insight to recognize a wonderful market opportunity.

1.INTRODUCTION

Learning Square is a start-up company that will develop two types of educational toys. The products are called toys because they are fun and engaging to use. They are educational because they teach constructive skills to the users.

Description of Products.
Learning Square has developed two functional products: flexible and a combination of educational toys that are both enjoyable to play with, but at the same time are useful in teaching children necessary skills.

- **Number& Letter Toy**: A toy that emits lights and sounds when children touch the appropriate numbers with a stylus. It not only teaches children number skills, but it also improves their hand-eye coordination.

Letter Toy is similar to Number Toy in that it teaches children the alphabet. Letter Toy is also effective in improving children's literacy skills.

- **Phonic Toy**: A device that resembles a mini PC and teaches phonic and math skills. A child's book and a stylus are included in the unit. When you touch the page with the stylus, the device reads out loud stories, recognises musical instrument sounds, and guides kids through basic addition.

Company's vision, mission, focus, and value proposition

Vision

To create a mechanism of learning that help all learners with immense opportunities to maximize their inherent abilities.

Mission

Create innovative learning techniques for the children which build a holistic learning environment, where with the help of specialized products will be able to develop the necessary skills.

Focus

Our Product is specially designed for preschool children, so this is where we present to you our very own designed product that will get our children to enrich their learning experience.

Value proposition

A learning toy that promotes imaginative discovery, self-expression and an awareness of how physical objects relate and interact with one another, but so "cool" that the kids don't even know they are learning and it never let the kids get bored of.

2. MARKETING IDEAS

Market Analysis

The educational toy market is divided into two distinct segments; Individual consumers are parents or grandparents who are buying a toy for a specific child. Wholesale purchasers include schools, daycare centres, and other commercial businesses that buy the product for their customers to use. learning square has chosen to sell directly to consumers rather than through the traditional layered distribution system, which involves wholesalers selling to retailers. While this requires more work from learning square in terms of sales generation, it provides better margins. Furthermore, this process will be more expensive in the first few years; however, once relationships are established with both individual consumers and wholesale purchasers, the marketing cost per sale will decrease as original customers become acquainted with learning square exceptional product line and continue to make purchases.

Market Segmentation

Geographic Segmentation	Demographic Segmentation	Psychographic Segmentation	Behavioural Segmentation
Country – India **Region** – Urban India	**Gender**– Male/Female **Age-**6 to 11 **Family Income-**50,000/month and above	**Social Class-** Upper-class and middle-class people	Attitude – who believe education is important and learning should be fun.

Target Market

Individuals: This segment consists of people who are purchasing a single item for their child or a friend. This demographic has a household income of more than Rs. 50,000, high educational and developmental goals for their children, and a desire to get started as soon as possible.

Businesses: this group purchases toys for children who are clients of the business. These organisations are typically day care or school-based, such as a nursery school or pre-school. The number of children for whom they provide care for generally ranges from seven to 25.

Market Strategies

learning square will concentrate on individual consumers and wholesale customers for a variety of reasons, including:

Increased profit margins. Although sales volume will be lower than if wholesale distributors were used, margins will be higher.

Increased customer contact. A stronger relationship will be formed by selling directly to consumers. This is advantageous because it provides a more precise feedback loop, which is useful in product development. More effective. Distribution involves fewer layers.

The marketing strategy will highlight the fact that learning square's products are truly educational and entertaining. This is an important message to parents because their children will want to play with this type of toy. The "toy" element in the product is used to keep children engaged in the product, which is often difficult with most educational devices.

The marketing strategy will acknowledge and account for the fact that two distinct customer groups must be attracted. To capture both groups' awareness, learning square recognises that the groups are very different, despite the fact that they are purchasing the same product.

Learning square will use direct mailings and advertisements. The advertisements will be placed in magazines or journals that have been specifically chosen with the target audience in mind. Individuals will be served by magazines, while businesses will be served by a combination of magazines and journals.

Pricing Strategy:

Our business requires different expenses, which means we have to have a calculation of our startup costs. Our business is mainly focused to provide service to customers where people would like to educate their kids through advanced technologies by a smart toy and where is comes with multi functions. And also we need to develop an app which is needed to customise the functions of toy. For example, we may need to account for additional online tools or server expenses to keep its site up and running.

Now, we have built our financial plan on these elements.

1) Estimating Profit

2) Balance Sheet

3) Cash Flow Projections

4) Break even analysis

5) Profit and Loss

6) Income statement

3. FINANCIAL PROJECTIONS AND ESTIMATION

Our start-up funding of Rs. 50,00,000 will cover both start-up expenses and initial assets specifically.

Start-up expenses of 25,60,000 incurred before launch: These pre-launch, pre-revenue expenses show up in our financials as negative retained earnings in the Balance Sheet at launch.

Registration of the firm and all legal proceedings including lawyer fees - Rs 60,000/-

- Website and app designing - Rs. 5,00,000/-

- Office Furniture - Rs. 1,50,000/-

- Stationery and printing expenses - Rs 50,000/-

- Office Space (Rented) - Rs. 18,00,000/- (Yearly)

Current assets required

Cash: 10,00,000 to cover early deficits, working capital etc

Inventory: 200,000

Assets

Total assets is 4040000

Total start-up costs:

- 25,60,000 in expenses incurred before launch
- 16,04,000 in assets required to launch
- Total 41,64,000 start-up cost

Projected income statement

Particulars	YEAR 2022 UNITS	VALUE	AMOUNT		YEAR 2023 UNITS	VALUE	AMOUNT		YEAR 2024 UNITS	VALUE	AMOUNT		YEAR 2025 UNITS	Value	AMOUNT		YEAR 2026 UNITS	VALUE	AMOUNT	
Sales	500	10000		5000000	600	11,000		6600000	700	14,000		9800000	1000	16000		16000000	2000	20000		40000000
Less: Variable expenses:																				
Opening inventory	0	0	0		0	0	0		0	0	0		0	0	0		0	0	0	
Electricity	100	500	50000		105	500	52500		110	500	55000		116	500	58000		174	500	87000	
Computer	2	45000	90000		3	47250	141750		4	49,613	198452		5	52094	260470		5	54700	273500	
Packing	55	150	8250		54	158	8532		58	166	9628		61	174	10614		64	183	11712	
Lights	10	200	2000		11	200	2200		12	200	2400		13	200	2600		14	200	2800	
Stationery	25	100	2500		26	100	2600		27	100	2700		28	100	2800		30	100	3000	
Manufacturing cost	500	7000	3500000		600	7000	4200000		700	7500	5250000		1000	7500	7500000		2000	8000	16000000	
Transportation	500	40	20000		600	50	30000		700	60	42000		1000	70	70000		2000	80	160000	
Carpet	15	6500	97500		16	6500	104000		17	6500	110500		18	6825	122850		19	7166	136154	
Salaries	10	12000	120000		15	12600	189000		20	13230	264600		25	13892	347300		30	14587	437610	
Pendrive	2	1500	3000		2	1500	3000		2	1500	3000		2	1500	3000		2	1500	3000	
Food	30	500	15000		32	525	16800		34	551	18734		36	579	20844		38	608	23104	
Plumber	6	500	3000		6	500	3000		6	500	3000		6	579	3474		6	608	3648	
Variable COGS	500	100	50000		600	105	63000		700	110	77000		1000	116	116000		2000	122	244000	
Variable selling and administrative expenses			55000	4016250			57750	4874132			60,638	6097652			63670	8581622			66854	17452382
Contribution margin				983750				1725868				3702348				7418378				22547618
Less: fixed expenses:																				
Depreciation(10%)			240000				252000				264600				277830				291722	
Furniture			150000				157500				165375				173644				182326	
Rent	12	150000	1800000		12	157500	1890000		12	165375	1984500		12	173644	2083728		12	182326	2187912	
Legal expenses			60000				63000				66150				69459				72932	
Advertisements			600000				6,30,000				661500				694575				729304	
Selling & Administration expenses	5	6000	30000	2490000	5	6000	30000	2613000	5	6000	30000	2742150	5	6000	30000	2877762	5	6000	30000	3020148
Net operating income				-1506250				-887132				960198				4540616				19527470

Break even analysis
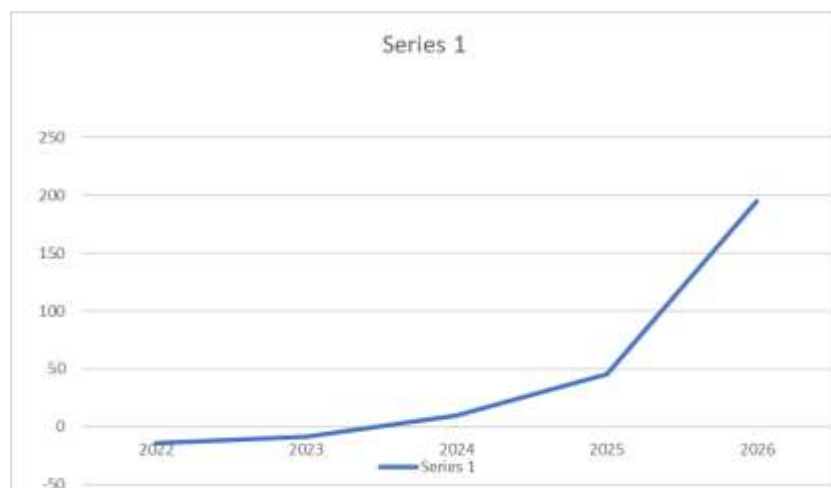
Particulars	2022	2023	2024	2025	2026
Total income for the year	5000000	6600000	9800000	16000000	40000000
Total expense for the year	6446250	7487132	8839802	11459384	20472530
	(1446250)	**(887132)**	**960198**	**4540616**	**19527470**

Proforma of Profit and Loss Statement

Particulars	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026
Sales revenue	5000000	6600000	9800000	16000000	40000000
Discounts	(100000)	(105000)	(110250)	(115763)	(121551)
Total Net Revenue	4900000	6495000	9689750	15884237	39878449
Cost of goods sold	3550000	4263000	4476150	7616000	16244000
Gross profit	**1350000**	**2232000**	**5213600**	**8268237**	**23634449**
Expenses					
Advertising and promotion	600000	630000	661500	694575	729304
Depreciation	240000	252000	264600	277830	291722
Insurance	0	0	0	0	0
Maintenance	85000	87750	90638	95170	100000
Office supplies	413000	433650	455333	474038	532206
Rents	1800000	1890000	1984500	2083728	2187912
Salaries	120000	189000	264600	277830	291722

Transportation	20000	30000	42000	70000	160000
Utilities	60000	63000	66150	69458	72930
Other expenses	60000	63000	66150	69458	72930
Total expenses	**3398000**	**3648400**	**3895471**	**4112087**	**4438726**
Profit/Loss	**(2048000)**	**(1416400)**	**1318129**	**4156150**	**19195723**

Projected Balance Sheet

Particulars	2022	2023	2024	2025	2026
Cash	1000000	1050000	1102500	1157625	1215506.25
Accounts receivables	0	500	525	551.25	578.8125
Inventory	200000	210000	220500	21525	22601.25
Other current assets	**100000**	**105000**	**110250**	**115762.5**	**121550.625**
Total current assets	**1300000**	**2310500**	**2426025**	**2547326.25**	**2674692.56**
Long term assets	**2500000**	**2625000**	**2756250**	**2894062.5**	**3038765.62**
Accumulated depreciation	**240000**	**252000**	**264600**	**277830**	**291721.5**
Total long term assets	**2740000**	**2877000**	**3020850**	**3171892.5**	**3330487.13**
Total assets	**4040000**	**5187500**	**5446875**	**5719218.75**	**6005179.69**
Accounts payable	**10000**	**10500**	**11025**	**11576.25**	**12155.06**
Income tax payable	**0**	**63000**	**66150**	**69457.5**	**72930.375**
Sales tax payable	**0**	**10000**	**10500**	**11025**	**11576.25**
Short term debt	**0**	**0**	**0**	**0**	**0**
Prepaid revenue	**0**	**0**	**0**	**0**	**0**
Total current liabilities	**10000**	**83500**	**87675**	**92058.75**	**96661.69**
Long term liabilities	**2000000**	**2100000**	**2205000**	**2315250**	**2431012.5**
Total liabilities	**2010000**	**2100000**	**2205000**	**2315250**	**2431012.5**
Paid in capital	**0**		**0**	**0**	**0**
Retained earnings	**0**		**0**	**0**	**0**
Total owner's equity	**2030000**	**3087500**	**3241875**	**3403968.75**	**3574167.19**

Total liabilities and equity	4040000	5187500	5446875	5719218.75	6005179.69

4. OPERATIONAL PLAN

The success of this company would greatly depend on cost effective production and innovative products. To meet this requirement, Learning Square has prepared this initial operating plan.

Human resources

- Accountant to maintain financial records
- Manager to manage overall operations with the company
- Sales Executives to market the business
- Salesmen
- General Assistants to carry out day-to-day tasks
- Customer Representative to interact with customers
- Driver to transport and bring items
- Web Developers to develop the application

Facilities, and technology infrastructure

- Supply Chain
- Hardware
- Software Development

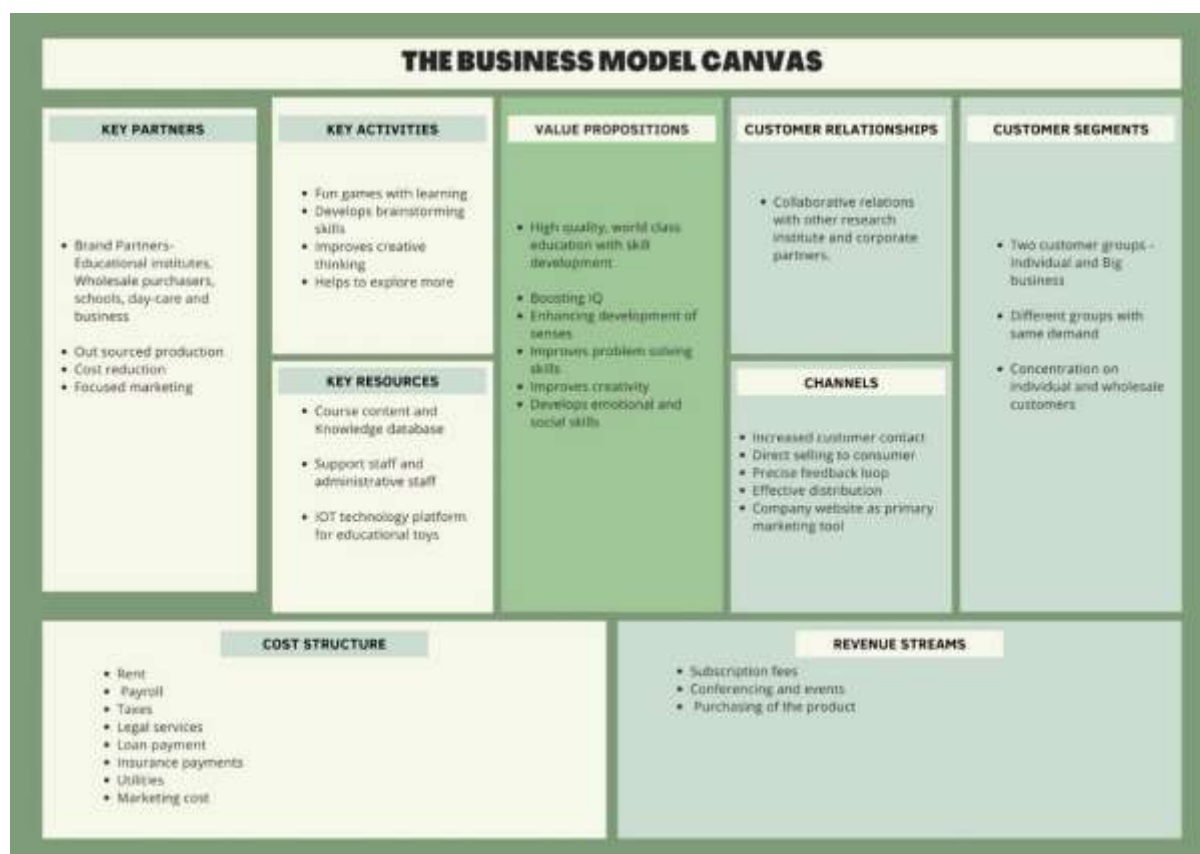**Licenses and IPR requirements**

- Licenses
- Registration of the Entity
- Register for GST
- Trademark & Name Registration
- Human resources

The Operations department will handle the basic process that will run the company effectively. This includes the following:

- Human Resources 2
- Finance 4
- Marketing 3
- Information technology 2
- General management 1
- Other 2

5. BUSINESS MODEL CANVAS

THE BUSINESS MODEL CANVAS

KEY PARTNERS
- Brand Partners- Educational institutes, Wholesale purchasers, schools, day-care and business
- Out sourced production
- Cost reduction
- Focused marketing

KEY ACTIVITIES
- Fun games with learning
- Develops brainstorming skills
- Improves creative thinking
- Helps to explore more

KEY RESOURCES
- Course content and Knowledge database
- Support staff and administrative staff
- IOT technology platform for educational toys

VALUE PROPOSITIONS
- High quality, world class education with skill development
- Boosting IQ
- Enhancing development of senses
- Improves problem solving skills
- Improves creativity
- Develops emotional and social skills

CUSTOMER RELATIONSHIPS
- Collaborative relations with other research institute and corporate partners.

CHANNELS
- Increased customer contact
- Direct selling to consumer
- Precise feedback loop
- Effective distribution
- Company website as primary marketing tool

CUSTOMER SEGMENTS
- Two customer groups - Individual and Big business
- Different groups with same demand
- Concentration on individual and wholesale customers

COST STRUCTURE
- Rent
- Payroll
- Taxes
- Legal services
- Loan payment
- Insurance payments
- Utilities
- Marketing cost

REVENUE STREAMS
- Subscription fees
- Conferencing and events
- Purchasing of the product

6. CONCLUSION

As a team we think that the business plan created will really become a huge success in next five years. In the team we worked as group of two on different subject like Current situation of the made up company Learning Square, Operational and the biggest problem the group had to deal with was the financial and marketing part. The Business plan for our company includes a detailed marketing strategy and of course a lot of information over important financial facts. We learnt a lot about how many things you have to take care off and at the same time shaping it, if you want your company really to be sustainable. It was really interesting and challenging for us learners to deep dive into information's about the behavior patterns of our customers, and our competitors and how crucial it becomes to state the correct aspect of behavior that are shown by our customers to satisfy their needs and make our company an established one. We honestly think that Learning Square would be a great business in coming years where profit would be generated to help environment.

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