Business plan summary

1. The anticipation that the coming financial year would maintain the same sales growth as the growth that took place between 2009/10 to 2012/13.
2. To budget for an increase in inflation to 4% per annum and that all costs subject to inflation should incorporate this particular increase.
3. A new car costing $97,466 includin GST has been planned for in the coming period to replace the five year old vehicle currently used by the chairman. This fuel inefficient car will attract a luxury car tax.
4. Sales breakup over the departments is anticipated to be bathroom fittings 30%, bedroom fittings 25%, mirrors 15% and decorative items 10% together with the recently added lighting fixtures 20%.
5. Profits are to be built on securing a growing customer base which will generate loyalty sales and become the refer other customers to the organisation. The superior after-sales service is the key strategy to achieve this.
6. Reduction on the principle of the loan by a payment of $100,000 on the 31 December 2013 from the profits generated by the business.
7. One objective in this plan is to manage the debtors more efficiently in the current period. This will involve an analysis of the debtors to identify ways to reduce the amount of cash tied up in outstanding debtors.
8. The expectation that 2013/14 would be a difficult trading year but that the budget net profit should target the same result as achieved in the 2012/13. The strategy to achieve this in the business plan included three key elements:
   a. To reduce the expected gross profit rate by 1% on the 2012/13 result in the hope that lower prices on the products would help maintain the sales growth even in difficult trading conditions.
   b. To increase the advertising budget by $70,000 over the 2012/13 results in the hope that Houzit can secure a greater market share in a constricting market. $200,000 is planned for the first quarter with the balance apportioned equally over the following three quarters.
   c. To increase wages and salaries by $172,500 over the 2012/13 amounts in the hope that allowing the existing high number of casual staff to earn commissions on sales that should help to maintain Houzit's sales growth.