

Executive Summary

PGF Business Services is in the process of being formed as a two-owners proprietorship and operating in the field of ICT and Energy market. This plan is written as a guide for starting and managing this new business and will also serve as the basis for a separate, detailed marketing plan. Following is a summary of the main points of this plan.

The objectives of PGF are to generate a profit, growing at a challenging and manageable rate, at the same time being sustainable from an Ethical and Environmental perspective.

Corporate goals and core business are:

- - Software Production and Development;
- Providing fast and reliable technical assistance to SME's office computer users.
- Training and Consulting on ICT processes;
- Retail and Wholesale of Hardware and Software products
- Integrated Services in the Field of Information Technology
- Telecommunications Services and Energy Supply;
- Organizational/Management Consulting, at all levels, including Certification lifecycle and legal/financial Consulting.

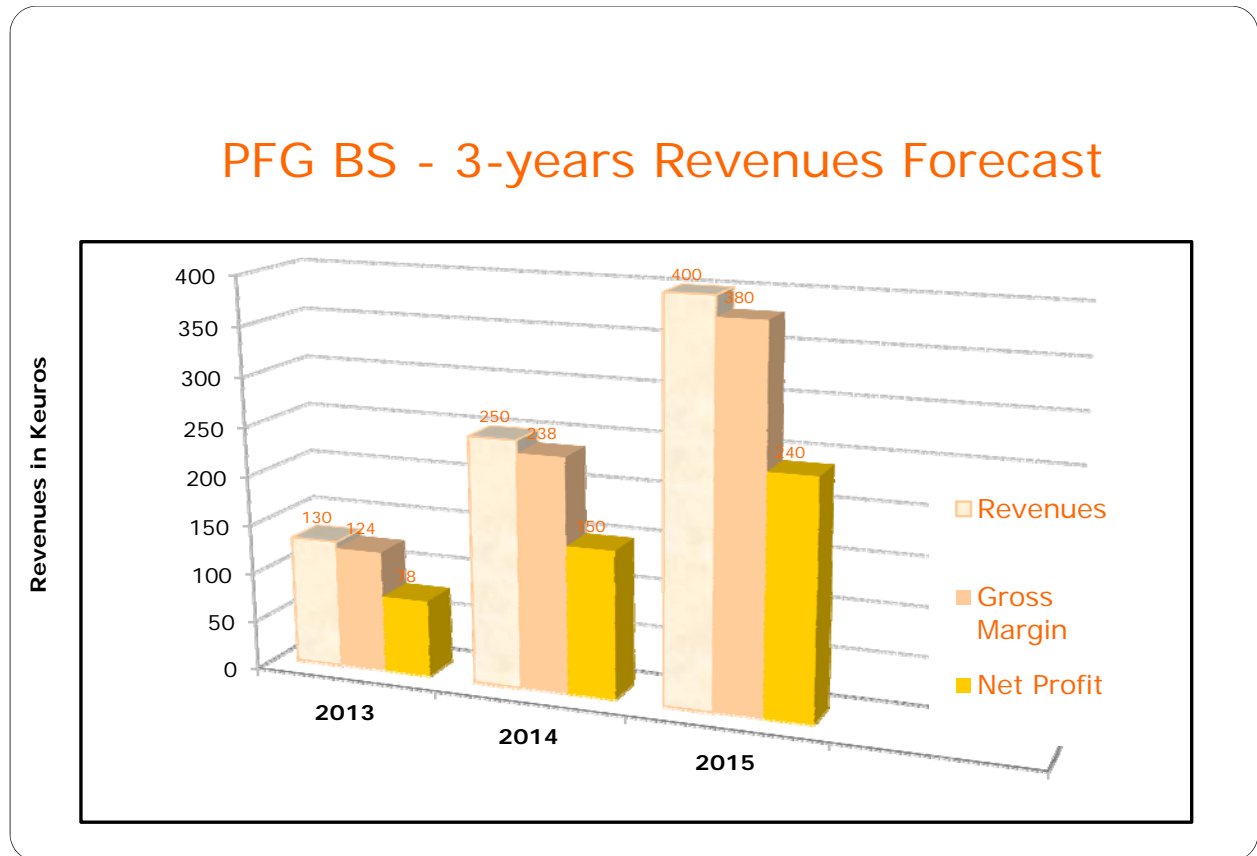
Business goals and Business Development strategies:

- The keys to success for PGF are marketing and networking, responsiveness and quality, and generating repeat customers.
- The initial primary service offered will be hourly/daily technical aid, although retainer contracts and projects will be considered in the future growth.
- The local market for this business, while not new, is wide open for new and expanding consulting firms.

An initial financial analysis of the viability of this venture shows outstanding promise and results. Several sources note that the computer consulting business is easy to start, requires little up-front capital, and has the potential to be quite lucrative in today's high tech world.

In conclusion, as shown in the highlights chart below, this plan projects possible rapid growth and high net profits over the next three years. Implementing this plan, in conjunction with a

comprehensive and detailed marketing plan, will ensure that PGF BS rapidly becomes a profitable venture for the ownership¹.



1.1 Objectives

The objectives of this business plan are:

1. To provide a written guide for starting and managing this computer consulting business; a strategic framework for developing a comprehensive tactical marketing plan.
2. The scope of this plan is to provide detailed monthly projections for the current plan year, and yearly summaries for the following two years.

¹ This is the result of a forecasting based on net/gross incomes of the past 3 years; during this period PGF didn't exist yet, but relevant activities in ICT area was carried on by the owners as freelance professionals

The objectives of PGF Business Services are:

1. **Profit** - To generate sufficient profit to finance future growth and to provide the resources needed to achieve the other objectives of the company and its owners. (Net profit of at least 60% of revenues in first year).
2. **Growth** - To grow the business at a rate that is both challenging and manageable, leading the market with innovation and adaptability. (Grow from 24 billable hours/week at end of Year 1 to 35 hours/week in Year 3).
3. **Citizenship** - To be an intellectual and social asset to the community and environment. (Contribute 5 hours per week as volunteer and R.D. projects (actively collaborating with local and foreign Universities- some of the owners already carry on such a collaboration)

1.2 Mission

PGF's mission is simple and straightforward:

- Purpose - PGF exists to provide fast, reliable technical assistance to local business/small office/home office computer firms. PGF sells solutions & results!
- Vision - By providing fast response, informed expertise, and consistently high quality solutions, PGF generates enough satisfied repeat customers to provide a stable retainer base. This generates sufficient profit to provide a comfortable living for the owner.
- Mission - The short term objective is to start this company quickly and inexpensively, with a minimum of debt. The long term objective is to grow the company into a stable and profitable entity that the owner can easily and comfortably manage.

1.3 Keys to Success

The keys to success for PGF are:

- Marketing and Networking (getting the name out there -TOMA).
- Responsiveness (being an on-call ICT services “paramedic” with fast response time).
- Quality (getting the job done right the first time, offering 100% guarantee).
- Relationships (developing loyal repeat customers - retainers).

Company Summary

PGF BS will be a start-up venture with the following characteristics:

- PGF will initially be a 2-persons proprietorship.
- The goal will be to start the venture as inexpensively as possible, with no debt financing.
- PGF will be a home office start-up, utilizing one studio room in the owners' home.

2.1 Start-up Summary

In keeping with the company philosophy of avoiding the use of debt, the goal is to start-up as inexpensively as possible. This is in line with industry figures that show that computer consulting start-ups are ideal entrepreneurial opportunities with very low start-up costs. Total start-up expenses for PGF come to 7,500 euros, all of which will be financed through owners' investment.

- Most expenses are typical start-up paperwork fees (legal, accounting, etc.).
- Cash requirements consist of one month's rent as a reserve.

2.2 Company Locations and Facilities

This is a home office venture, located in one studio of the owner's home.

- Computer facilities will initially consist of the owner's existing system.
- Telephone - one line currently serves the location. A second line for data use should be added soon.
- Utilities are already provided, included in the space rent of 425 euros.

Services

Detailed descriptions services supply points are found in the sections below.

3.1 Service Description

PGF will offer three main services, corresponding to what industry experts have identified as the primary opportunities in computer consulting:

1. **Hourly/Daily** (Temporary Technical Aid/ICT Consulting) - The less traditional sort of short term assignment helping a company solve a software or hardware related problem and some form on Operational Maintenance. Includes both emergency and non-emergency technical assistance and consulting services.

2. **Retainer** (Specific Skill) - The more traditional form of consulting, including regular system maintenance, software and hardware upgrades, and network administration. The owner's particular area of expertise is in management consulting with regard to MIS.
3. **Project** (Bail-out or Specific Skill) - This will include such things as consulting on major purchases, system/network installation and testing, Project/program management issues and major disaster recovery.

3.2 Sales Literature

PGF will start with some basic self-generated literature to establish initial positioning:

- **Logo and theme** - A national catalog sales paper goods company has a wonderful line of blank papers with a computer theme that will serve as the "look" for PGF, together with the "Green" colour which stands for the promised sustainability of PGF business. A graphic artist friend of the owner has already commenced work on a matching logo.
- **Stationery** - The theme paper is available in various formats for use as company stationery.
- **Brochure** - Likewise, pre-printed paper is available, along with software templates for generating brochures
- **Web Presence** - A website will be developed as an "electronic brochure" as well as a resource site for the owner's established client base.
- **Response Templates** - As common problems/solutions are encountered and solved, a set of standardized templates for initial responses will be developed. This will shorten response time and eliminate confusion in providing quick solutions to routine issues.

3.3 Fulfillment

At the very beginning, the fulfillment of services for PGF will be provided by the owners. The ultimate deliverable is the owners' expertise and problem solving ability, coupled with an open mind and ease of communication that will result in the customer's complete confidence in immediate and lasting results.

3.4 Competitive Comparison

There seems to be four major classes of competition in the local computer consulting industry:

- In-house MIS consultants - Usually employed by larger companies that can afford the fixed cost of a salaried or hourly/daily employee.
- Individual proprietors & smaller consulting firms - As noted elsewhere in this plan, the bulk of Yellow Page advertisements are comprised of this group.

- Larger network and telecommunications consulting firms - Large, known-name companies that specialize in providing total MIS services to larger companies that choose to outsource.
- Computer and electronics stores offering consulting services.

Of course, PGF fits into the largest group. The primary reason that customers would buy from PGF rather than competitors is the existing relationships that exist. Customer loyalty and satisfaction are the way to success for small service businesses such as this.

3.5 Technology

Technology is, of course, vital to the success of PGF. It is imperative that the ownership stay up-to-date on the latest technological developments in the computer industry. In addition, it will be important to devote a reasonable portion of each year's revenues toward upgrading the equipment and software used by PGF in its normal operations.

Market Analysis Summary

PGF Business Services will adopt a fairly intently focused market strategy.

- A logical segmentation breaks the market down into the following: Home Office Businesses, Small Businesses, Medium Businesses and Large Businesses. Descriptions are provided below.
- The largest and most logical target markets for PGF are the Home Office and Small Businesses. These businesses mostly have a need for temporary technical aid, usually billed at an hourly/daily rate. Some opportunity does exist, however, for retainer and/or specific project contracts.
- While there are a fair number of competitors in the local area, they seem to be widely specialized and widely sized, leaving ample opportunity for PGF to create and expand a niche in the chosen market segments.

4.1 Market Segmentation

The following chart and table reflect the market segmentation for this business. The size and growth numbers are based on EU Census data for the local region.

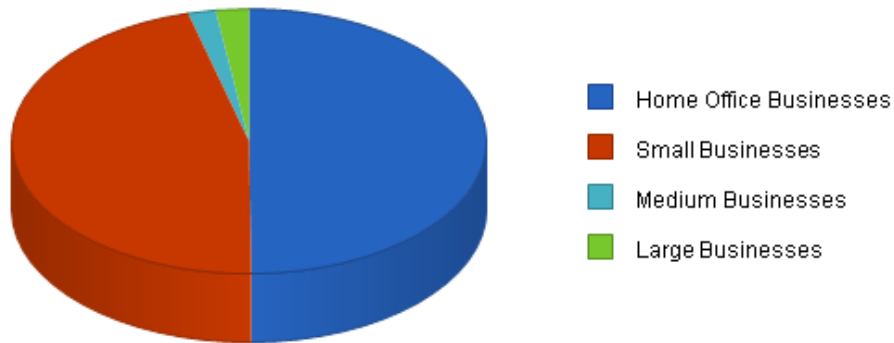
- **Home Office Businesses** - The largest and fastest growing segment, this segment is obviously defined as small businesses that are based primarily out of the owner's home.

This is not the same as simple home computer users, which sources warn are NOT a viable market segment for computer consulting.

- **Small Businesses** - Defined by the government as businesses with 1 to 99 employees, this is the second largest and fastest growing segment in Lombardy, Italia.
- **Medium Businesses** - 100 to 499 employees.
- **Large Businesses** - 500 or more employees.

As is obvious in the pie chart, the first two segments comprise the bulk of opportunity for PGF.

Market Analysis (Pie)



Market Analysis

Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Home Office Businesses	10%	4,259	4,685	5,154	5,669	6,236	10.00%
Small Businesses	9%	3,931	4,285	4,671	5,091	5,549	9.00%
Medium Businesses	9%	159	173	189	206	225	9.07%
Large Businesses	9%	192	209	228	249	271	9.00%
Total	9.50%	8,541	9,352	10,242	11,215	12,281	9.50%

4.2 Target Market Segment Strategy

Entrepreneur Magazine suggests six market segments as a starting point:

- Businesses not using computers
- Small entrepreneurial businesses using one or more computers
- Small to medium sized corps using computers on networks

- Large corps seeking problem-solving assistance (trouble-shooting) with specific projects
- Government agencies, corporations, and other organizations in search of computer training
- Businesses in search of custom computer programming services

PGF will focus on the top market segments only - an intently focused marketing strategy.

4.2.1 Market Trends

Three primary market trends seem to be most important in this industry:

- Trend #1 - *most important* -rapid growth in technology, need for continuous upgrades in both hardware and software.
- Trend #2 - *moderately important* -predicted continued growth in consulting/outsourcing - companies being unwilling to pay fixed costs of salaries, choosing instead to treat computer upgrades and repair as variable costs.
- Trend #3 - *least important* - rapid growth in ratio of SOHO businesses to traditional medium sized businesses.

These trends are predicted by industry experts to continue well into the next century.

4.2.2 Market Growth

As noted in the previous section, several factors are predicted to continue well into the next decades, not the least of which are the growth rates for this market:

- *Growth rate citation* - Entrepreneur Magazines says that the consulting industry in general will continue to grow at an annual rate of about 9.1%
- *Growth rate citation* - Census data for each identified segment in the Lumbardy area roughly parallel this growth rate.
- *Growth rate citation* - Entrepreneur Magazines and Gartner's forecastings published data supports the Census data, predicting continued and rapid growth particularly in the small office/home office market segment.²

² See "Predicts 2013: Now Is the Turning Point for Midsize Enterprises"
http://www.gartner.com/DisplayDocument?doc_cd=246026

4.2.3 Market Needs

According to Entrepreneur Magazines and Expert forecasting, experts in the consulting industry have identified three different opportunities that exist for computer consultants:

1. Temporary Technical Aid

- Short term assignments finding solutions for businesses - this is noted as the largest market

2. Specific Skill - the largest area is software specialty, the second largest area

- System setup & purchasing guidance
- Systems reengineering/optimization
- Network Admin
- Training
- Repair
- Database/Application development
- Data Storage
- Disaster Recovery
- Security/Data Protection
- Telecommunications

3. Bail-Out (Trouble shooting)

Private home computer users are NOT a viable market for computer consultants.

4.3 Service Business Analysis

The computer consulting business for the local area is already well established, yet still allows ample opportunity for entry and growth for new participants. This is supported by the following points:

- While there already exists a large number of consultants, there is also a wide range of sizes and specialties. This leaves plenty of opportunity for PGF to find and develop a particular niche.
- Customers in this industry tend to be loyal, relying on the same consultant for future needs once a relationship has been established.
- An analysis of PGF's main competitors shows no overwhelming strengths that would be significant barriers to PGF's success. Likewise, identifying competitor's weaknesses has illuminated several areas that PGF can target as marketing strategies.

In short, this business arena, while no longer brand new, is far from exhausted as an opportunity for a new and aggressive company. By utilizing a logical and comprehensive marketing approach, PGF should easily find success in the computer consulting business.

4.3.1 Business Participants

A search of the local Yellow Pages revealed the following:

- Under the heading *Consultants - Computer & Data Processing* there were a total of four listings
- Under *Computers - Service & Repair* there were 51 total listings, the majority of which seemed to be stores or companies
- Under *Computers - Software & Services* there were 88 total listings. Thirteen of those were large companies. Sixteen were specialists in accounting software that listed CPA's on their staff.
- Under *Computers - System Designers & Consultants* there were 45 total listings. About half had larger listings and/or company names that implied larger size. Throughout all the listings, only four were clearly listed as individual practitioners.

The conclusion is that while there a fair number of competitors in the geographic area, they are widely specialized and widely sized. Many of the larger participants appear to cater to larger clients, thus leaving plenty of opportunity for PGF to focus on its chosen market segments.

4.3.3 Competition and Buying Patterns

As noted above, the local computer consulting industry is fragmented, with a wide variety of sizes and specialties. Two general factors of competition immediately show up in the analysis:

- The larger competitors seem to be grouped into two main categories: those who provide network expertise to large companies, and those who provide "consulting" service to products they sell.
- Of the smaller sized companies, about half still seemed to favor larger businesses as their clients.

Customer buying patterns also highlight the opportunity for PGF. While larger companies tend to hire larger consulting firms, the home business/small business owner tends to favor the personal relationship that can develop with the smaller consulting firm. Several small business owners interviewed for this research admitted being intimidated and overwhelmed by the prospect of calling a larger firm to come "rescue them." They much preferred calling a person they already knew for help.

This leads to another very important buying pattern. Customers who have established a relationship with an ICT consultant tend to stay very loyal as long as the service and results remain acceptable. This will be critical to the success of a new company like PGF.

Strategy and Implementation Summary

PGF will focus on the following to establish and grow the business:

- Four main promotion strategies: networking and referrals, web based promotion, traditional media advertising, and some non-traditional promotion methods.
- A value proposition of timely and practical solutions, at a reasonable rate, coupled with a 100% guarantee.
- A competitive edge based on cultivating existing customer relationships.
- A comprehensive and detailed marketing and sales strategy, covered in depth in a separate marketing plan.

5.1 Strategy Pyramid

Most of the textbooks and/or experienced business people who contributed to the research for this plan suggested some combination of the following four marketing strategies. These are especially suited for a modern high tech business such as computer consulting.

- Strategy 1 - Networking & Referrals - Using existing contacts and clients to build a larger network of potential clients.
- Strategy 2 - Web promotion - Using a web page to showcase the owner's skills and knowledge, providing an "electronic brochure" as well as useful technical information free of charge.
- Strategy 3 - Advertising - Traditional methods such as Yellow Page ads, newspaper classified and display ads, local television cable access advertisements.
- Strategy 4 - Non-traditional - Creative and unique advertising such as door hangers, bumper stickers, etc.

5.2 Value Proposition

The value proposition offered by PGF is quite simple: timely and practical solutions for client's computer problems and/or upgrades, all at a very reasonable and competitive rate. Most important, PGF offers a 100% satisfaction guarantee, thus building and retaining the client's confidence.

5.3 Competitive Edge

PGF's competitive edge is that the owner already has a significant number of high quality relationships with current and potential clients. In essence, PGF has already overcome the barriers to entry in the consulting field and is simply in the process of formalizing the business.

5.4 Marketing Strategy

The topics below briefly outline the marketing strategy for PGF.

5.4.1 Marketing Programs

The most important marketing program for PGF is to get the word out, through a combination of the following:

- Sending a letter of announcement and brochure to all existing contacts and customers.
- Following the well-established steps of a public relations campaign (press releases, announcements, etc.).
- Developing and purchasing "grand opening" announcements in the local news media.

5.4.2 Positioning Statement

For the home business/small business owner who needs technical help with their business computers, PGF provides fast and effective response that gets the business back up and running.

5.4.3 Pricing Strategy

PGF will adopt a price matching strategy rather than entry pricing. A survey of local consulting businesses revealed the following:

- Hourly Rate Pricing - The average price charged was 75.00 Euros per hour.
- Retainer Pricing - Based on the expected minimum number of hours per month, the average was 150 Euros.
- Project Pricing - Based on a daily rate (about 300 Euros per day)

5.4.4 Promotion Strategy

The primary promotion strategy for PGF will be directly in line with the strategy pyramids mentioned previously. The lead strategy will be to focus on cultivating existing relationships, using known networking techniques to develop referrals and new customer leads. Added to this will be a blend of web based marketing and traditional public relations and media marketing. The ultimate promotion strategy, however, will be in guaranteeing customer satisfaction: happy customers will generate repeat and new business.

5.5 Sales Strategy

Sales strategy for PGF is simple and straightforward: customer satisfaction! Happy customers will be repeat customers, and they will provide referrals to new customers.

- Sales forecast figures are based on industry figures for the typical growth of a consulting startup and reflect repeat business generated through meeting customer needs.

- Sales programs must be based on the notion that business is driven on customer demand when problems arise. While some business can be generated by soliciting customers to upgrade their systems and software, by and large the bulk of the business will be emergency technical aid.

5.6 Strategic Alliances

PGF will need to focus on networking with local computer stores and local business organizations (such as Chamber of Commerce and local SBDC) to develop strategic alliances. Such organizations, which may not be customers in themselves, will be valuable in providing leads to new customers.