

Business Plan for LED Mega Advertising Board in Baticoloa MC

Submitted to:

LEG Programme,

The Asia Foundation

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Submitted by:

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I. OVERVIEW

Advertising is a means of communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them.

Advertising in business is a form of marketing communication used to encourage, persuade, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to take or continue to take some action. Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common.

With the rapid development of East in the country after the war, trend for businesses and communication with the world is much exposed. As the results many business opportunities and services are enhanced. Baticola town is one of that leading town in eastern province which exposed rapid development of infrastructure as well as in commercial activities.

It is obvious that, the competition of businesses raising with the booming of business activities. So that each and every businessman is aiming to deliver the proper message to customers and prospective customers. The purpose of advertising is to convince customers that a company's services or products are the best, enhance the image of the business, point out and create a need for products or services, demonstrate new uses for established products, announce new products and programs, reinforce the salespeople's individual messages, draw customers to the business, and to hold existing customers.

The Municipal council of Baticola has an idea of paving good platform to the business community to perform well in the region by exposing the better environment to advertise the products and services of business community in the area. So that the MC planed to introduce a LED mega digital screen to advertise the products and services to the public on following objectives:

1. To enhance the economy of the area by supporting business community.
2. To create sound environment to consumers to get better goods services through good awareness.
3. To minimize pasting posters and other materials and keep the town in aesthetic environment.
4. To provide the area by concerning on recreation activities according to the cultural and religious ethics and norms. And entertaining environment by using this mega screen.
5. To generate income in order to provide better services to the public.
6. Ultimately the quality of the living status of people in the area to be enhanced.

2. MARKETING PLAN

The proposed "LED Advertising Screen" (6' X 9') proposed to be established at the " Gandhi Square" since it is located at the heart of the town. The land is belongs to the Municipal council and the MC proposed to erect the screen at the front of the library wall by facing it to the whole town.

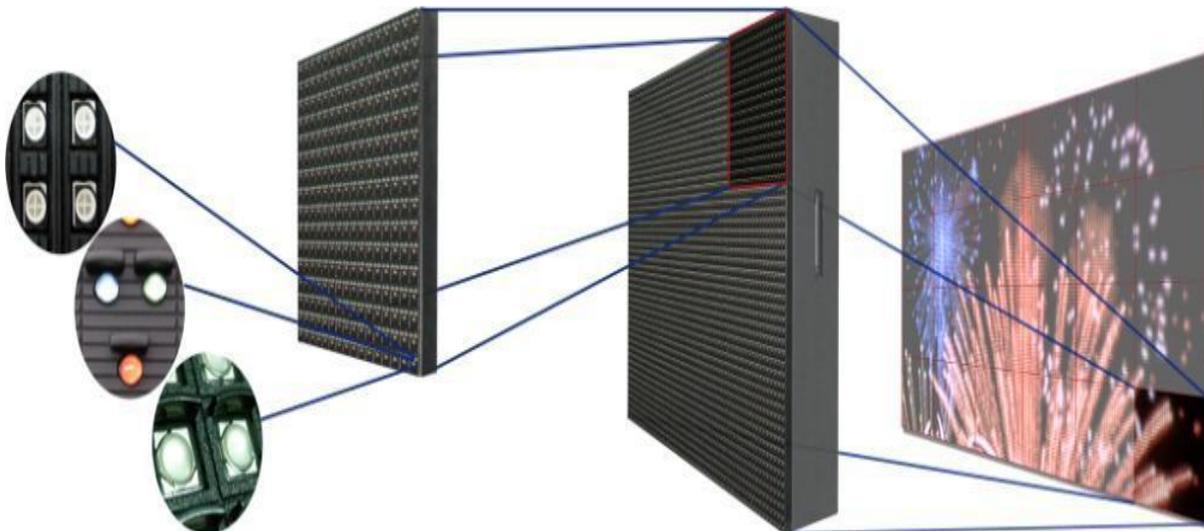
The location will be ideal due to following reasons;

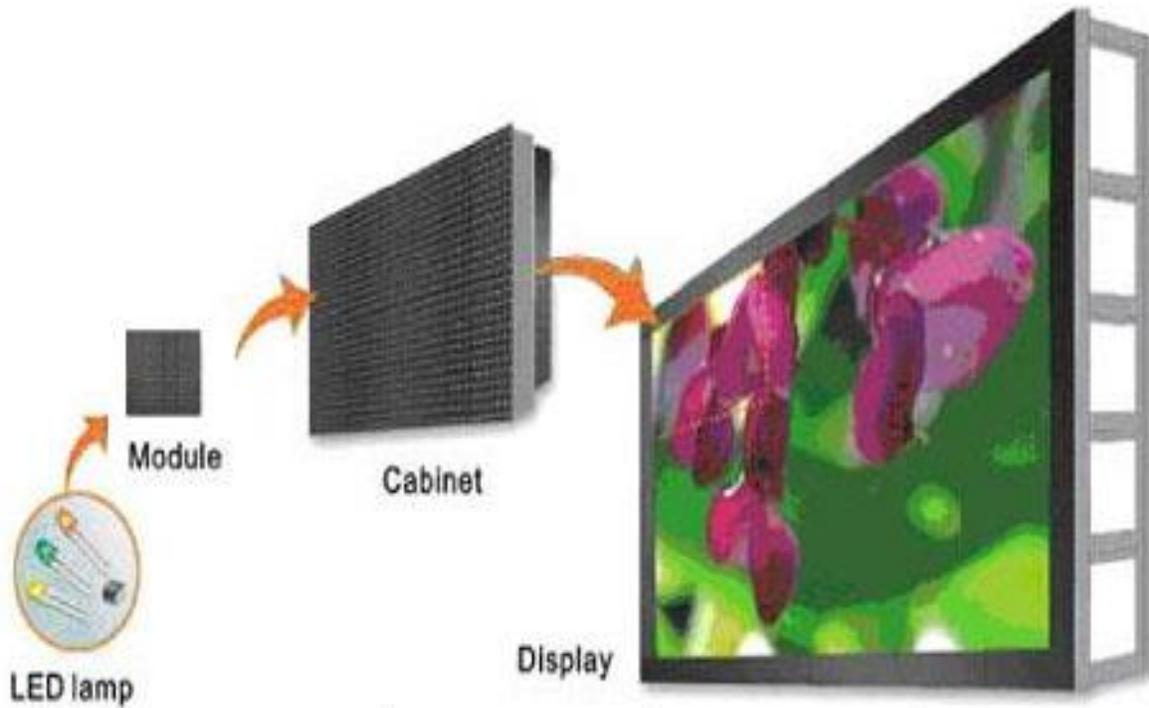
1. Since the area of the location is opened and enough space to gather more people.
2. The location is located just facing main roads and people can easily see the board by passing through the town.
3. Gandhi Square has good vicinity and consists with good relaxing surrounding environment. So that plenty of people used to come to the location.
4. The location has its' central attraction quality.

Mostly the majority of the people in the town are used to gather their families in night time and they used to do shopping and deal with various recreation activities in the night time. So that the location is highly advisable to use these various event, and use the environment by facilitating entertainment to the people in the area.

Advertising on Digital media

Digital signage is poised to become a major mass media because of its ability to reach larger audiences for less money. Digital signage also offers the unique ability to see the target audience where they are reached by the medium. Technological advances have also made it possible to control the message on digital signage with much precision, enabling the messages to be relevant to the target audience at any given time and location which in turn, gets more response from the advertising. Digital signage is being successfully employed in supermarkets, restaurants.





LED Parameters

Item	Luminous Intensity	Viewing Angle	Wavelength	Test Condition
Red LED	800-1200mcd	120°/80°	625+2nm	25°C,20mA
Green LED	2000-2200mcd	120°/80°	525+2nm	25°C,15mA
Blue LED	400-600mcd	120°/80°	470+2nm	25°C,15mA
R:G:B:	3:6:1:			

It should be noted that a private public partnership (P3) to be found to be the most feasible and sustainable format for these type of projects. Under the terms of this type of arrangement the Local Government Authority area would provide concessions to a early comers for their advertisement and the funds will be utilized to match the initial capital of this project.

Careful consideration also needs to be taken in regards to governance, processes and management. As proposed project it should be structured as a “profit center “which enable to earn revenue from stakeholders to manage and maintain the market in sustainable manner. For this management is should be comprise with a committed and knowledgeable officials in the whole MC.

Clearly the financial goal of the proposed project is to be self-sustaining. This implies an operation that does not draw on the financial resources from Central Government or a sponsoring agency at its’ running cycle. The initial capital investment is estimated to total Rs. 3.0 Mn and additionally assumes the following:

- ❖ Private Public Partnership with:
 - o Businessmen who willing to promote their products on pre paid package.
 - o KOICA providing 1.5 Mn in concessions.

Night/ Evening time - Leisure Park

The second specified usage of this space is , use it as a leisure park. Mostly the evening time this space can be used as to get fresh air, to have some "Evening Walk" , and have some refreshment while doing shopping or relaxing at the Gandhi Square. So that the area should be frequent landscaping, providing benches, few shady trees at the boundaries, few water supplies etc.

In addition to that the area should be eliminated with colorful lights, and some sound broadcasting system around the boundaries of the area.

Night/ Evening time - Open space for Events

The space can be used in several events such as open musical shows, cultural activities, fun fairs, carnivals etc. So that the MC can earn additional income by hiring the space as well.

Annual Income from LED Mega Screen

Sections	Rate	No. Of advertisements per day	Monthly income (avg. 28 days)	Annual income
Advertising income - 15 Sec X 20 display times per day	500/= per day	15	210,000/=	2,520,000/=
Advertising income - 30 Sec X 20 display times per day	1,000/= per day	10	280,000/=	3,360,000/=
Advertising income - 45 Sec X 20 display times per day	1,500/= per day	5	210,000/=	2,520,000/=
Total income from multi- media screen			700,000/=	8,400,000/=

(At the initial stage the total broadcasting time approximately 5 hours per day)

At the initiation the first month advertising pre paid sum of 700,000/= will be utilized as initial capital of the project and it is the contribution of PPP.

Annual Income from hiring space of "Gandhi Square" for Mega events

Sections	Rate	No. Of events per month	Monthly income	Annual income
Income from hiring space of unity square	15,000/= per day	1	15,000/=	180,000/=
Total income from renting space			15,000/=	180,000/=

3. PRODUCTION/ SERVICE PLAN

3.1 Production / Service Process

The Service process of the proposed project is similar to the general services applied by specially appointed team, which consist with skilled personnels in both IT and marketing aspects.

Provision of resting places / benches and shady environment

Since most of visitors prefer some shade , the park should be with some small trees arrangement according to the proper landscapes.

Cleaning and Sanitary facilities.

The appearance and the cleanliness of the area is very important to attract visitors and it will lead the sustainable marketing process.

Parking area for consumers.

Since the visitors willing to have parking space it should be enough parking space for them and it is available in this location.

Electricity and Water supplies.

The area be facilitated with electricity and water supplement and the cost of electricity will be hosted by the MC.

Maintenance and repairs.

It is advice to establish good mechanism of maintenance and repairs of the screen and other sound system in the area. So that there should be trained people in the MC to maintain this screen in sustainable operation.

Proposed advertising services will be initiated through proper plan. At the outset there should be a proper consumer survey should be under took in order to verify the perceptions of businessman, producers on their products and services. A questionnaire to be distributed towards the targeted businessmen to decide their preferred advertising method and the time period and the frequency should be determined after that survey. (a sample questionnaire is annexed in Annexure 3) .

For the better service rendering a professionalized team should be formed or otherwise the MC can outsource the screen to private advertising firm on rental basis.

4. ORGANIZATIONAL & MANAGEMENT PLAN

4.1 Legal Status of the Business

Name of the implementing / Managing Organization	: Baticoloa Municipal Council
Partners	: Private sector/ funding Agent
Management body	: Steering Committee (7 persons)
Composition of steering committee	: Commissioner of of Baticoloa MC Engineer of Baticoloa MC Chairman of Trade Association Revenue Officer (LA) 2representatives from business community

4.2 Linear Responsibility chart

The Person	Number of employees		Overall supervision	Maintains/ Cleaning/ security	Marketing	Administration	Finance
	Existing	New					
Steering committee	7	-	✓			✓	✓
Revenue Officer	1	-					✓
Marketing and IT officer for advertising board		2			✓		

As the above chart shows the overall management of the project is in the hand of the MC whereas the operational decisions will be made by a steering committee which consists of 7 persons. The composition of the 7 persons committee will be from MC as well as from 3 representatives from private sector investors of the market. (instructions to Steering committee is annexed in annexure 1) 2 persons will be directly recruited to the advertising board and the sound system in the park.

Preliminary arrangements to be considered by management Body

- A separate account to be opened to manage accounts of the project.
- Signing Authority for accounts and vouchers to be redefine. It should authorized by the Commissioner of MC.
- An agreement should be finalized by the MC to define terms and condition which has be signed between businessmen who willing to advertise their products/ service through this screen.

4.3. Cost of Constructions

Table 2.1

Item	Cost (Rs.)
Imported Cabinet With LED Advertising Board 6' x 9' (256 x 192 Pixel Full Color)	Rs.1,500,000.00
Six Receiving Card and Sending Card	Rs. 100,000 .00
Video Processor (For Live Video)	Rs. 175,000 .00
HP Dual Core Branded Desktop with Monitor (One Year Warranty)	Rs. 60,000 .00
Transport & Installation Charge	Rs. 60,000 .00
Construction cost of Frame structure	Rs. 100,000.00
Arranging Sounds system around Gandhi Square	Rs. 200,000.00
TOTAL	Rs. 2,195,000.00

4.4. Pre operating Activities & Expenses

Table 2.2

Tasks	Time period (Weeks)										Date to finish each task	Expected cost	
	1	2	3	4	5	6	7	8	9	10			
Preparation of project proposal / BOQs/ validation of the corresponded LA area	█											2014/2/7	10,000/=
Submission of project proposal to donor Agent		█										2014/2/10	-
Obtaining approval from funding agent			█									2014/2/17	-
Marketing/application collection through questionnaire/ Preparing necessary legal and other correspondences to get public ,Private sector Participation.			█	█	█	█	█	█				2014/3/20	20,000/=
Construction				█	█	█	█	█				2014/03/25	2,195,000/=
Business launching										█		2014/04/01	
Pre operating cost													2,225,000/=

4.5 Uses of income from advertisement

The 50% of income of each year to be utilized for maintenance and the expansion of project and the balance 50% should be deployed in other projects correlated with this project or elsewhere.

The balance 50% can be utilized following prospected projects.

- ◆ Upgrading of access roads in the area
- ◆ New project on e learning center.

5. FINANCIAL PLAN

5.1 Project Cost

Cost Item	Existing			Proposed			Total Cost (Rs.Mn)
	Donor (Rs.Mn)	Equity (MC) (Rs.Mn)	Private Sector (Rs.Mn)	Donor (Rs.Mn)	Equity (MC) (Rs.Mn.)	Private Sector (Rs.Mn)	
Assets – Fixed Assets							
Land (80.0 Purchase X0 .4 Mn per perch)	-	32.00	-	-	-	-	32.00
LED Screen/ Sound system				1.55	-	0.7	2.25
Structure of the investment	0%	93%	0%	5%	0%	2%	34.2

5.2 Profit & Loss Account

Following assumptions were considered on predicting profit and loss account of the project.

- ❖ Initial capital of the project will be met on fraction of donation, pre collection of advertisement collection for 1 month period from businessmen who is willing to advertise. And it will be utilized as the initial capital for installment.
- ❖ At the initial stage (in first 6 months) the total broadcasting time approximately 5 hours per day and it will be enhanced by 10% in 2015, and another 10% in 2016.
- ❖ 50% of annual net income will be transferred for next year budget and the balance 50% will be utilized for usage of other public services in the MC (for a new project or expansions).
- ❖ 10% annual depreciation of screen was considered (for 5 years)

Item	1 st year (2014) (8months - starting from 1/4/2014)	2 nd year (2015)	3 rd year (2016)
Income from Muti media Screen	4,900,000	8,400,000	9,240,000
Income from Reception Hall and mega events	100,000	200,000	250,000
Net Sales	5,000,000	8,600,000	9,490,000
Less, <u>Variable cost</u>			
Electricity	600,000	1,200,000	1,300,000
Water	90,000	120,000	150,000
Other Variable cost	50,000	100,000	120,000
Labour	300,000	360,000	500,000
TOTAL Variable cost	(1,040,000)	(1,780,000)	(2,070,000)
Contribution	3,960,000	6,820,000	7,420,000
Less, <u>Fixed cost</u>			
Production overhead cost (advertisement)	100,000	150,000	200,000
Administration expenses	300,000	400,000	500,000
Maintenance cost	500,000	600,000	700,000
Total Fixed Cost	(900,000)	(1,150,000)	(1,400,000)
Profit before depreciations & interest	3,060,000	5,670,000	6,020,000
Less,			
Annual Depreciations	80,000	80,000	80,000
Pre operating expenses (promotions)	30,000	0	0
Sub total	(110,000)	(80,000)	(80,000)
Profit Before tax	2,950,000	5,590,000	5,940,000
Less , Income tax	0	0	0
Profit After Tax	2,950,000	5,590,000	5,940,000

5.3 Cash Flow Statement

Item	Pre Operating period	1 st Year (2014)	2 nd Year (2015)	3 rd year (2016)
Cash Inflows				
Equity	2,250,000	-	-	-
Space hiring income on mega events	-	100,000	200,000	250,000
Advertising income (mega screen)	-	4,900,000	8,400,000	9,240,000
Cash balance	-	(480,000)	1,515,000	3,595,500
Total Cash Inflows	2,250,000	4,520,000	10,115,000	13,085,000
Cash Outflows				
Cost of constructions	2,250,000	-	-	-
Administration / maintenance expenses	450,000	450,000	1,150,000	1,400,000
Variable cost	-	1,040,000	1,780,000	2,070,000
Pre operating expenses	30,000	-	-	-
Total cash Outflow	2,730,000	1,490,000	2,930,000	3,470,000
Cash Balance	(480,000)	3,030,000	7,185,000	9,615,000
50% reserves for other services	nil	1,515,000	3,595,500	4,807,000
Cash balance for next year usage	(480,000)	1,515,000	3,595,500	4,807,000

Financial Ratios

Ratio	1 st Year (2014)	2 nd Year (2015)	3 rd Year (2016)
Profitability	$\frac{2,950,000 \times 100}{5,000,000}$ =59%	$\frac{5,590,000 \times 100}{8,600,000}$ = 65%	$\frac{5,940,000 \times 100}{9,490,000}$ = 62%
Return on Investment	$\frac{2,950,000 \times 100}{2,250,000}$ =131%	$\frac{5,590,000 \times 100}{2,250,000}$ =248%	$\frac{5,940,000 \times 100}{2,250,000}$ =594%

Annexure 1

Instructions for Steering Committee

1. Selection of investors to be done according to a proper selection criteria on transparent process and it should be consisted with a tender procedure.
2. Establishment of management body and defining responsibilities of each person is to be clearly identified.
3. The Steering committee should maintain well balanced procedures and ethics with the maximum participation of private sector participation. The involvements of trade union and other trading associations have to be encouraged.

In this connection, following steps should be implemented,

- Separate Bank account to be maintained in every transaction pertained in the project.
 - The Management body should be consisted with at least three officials from MC including managerial and subordinate staff categories. Each and every activity to be implemented through these two people and they should report to the steering committee on their activities, progress and accounts.
 - The management body should maintain a proper book keeping and accounting process to report the financial status to the steering committee.
 - The management body should have a marketing plan as well as activity monitoring plan at the initiation of project. A simple marketing plan should be focused towards the sustainable process of identifying income generation activities through the income gain from this project.
 - The monitoring plan (by listing out each activity and tasks involved in this operation and allocating responsibilities and time frame pertained in each activity) should be implemented by the steering committee according to the well set up activity plan, and output monitoring plan.
4. Awareness of rules and regulation set forth with the agreement (annexure 2) is very important and MC should execute an awareness program to the private sector (investors) before signing the agreement.
 5. The collection of monthly rentals to be implemented through proper collection process and computerized accounting system. The defaulters should be treated with proper recovery mechanism through penalty system against over dues.
 6. Income gaining from this project should be under gone with proper accounting procedure and the facts should be in transparent in order to use of 50% of annual income for expansion of project in second stage as well as to use the balance 50% in other projects that enhance revenue of the MC and providing extended service to the public.

7. MC has to establish mid-term review (6 months) as well as review at the end of 1st year to ensure the impacts and benefits of the project before expanding the second stage.

Annexure 2

Advertising LED TV wall at "Unity Square" in Baticola

We would like to invite you to advertise your product and services on the LED TV wall (9' X 6') which will be planned to install at the Gandhi Square adjoined to Gate of Baticola . Since there are plenty of people gathering and passing this location we believe that you can get good attention for your product and services by advertising through this LED TV wall.

The TV wall will be operated every day from 5.00 a.m to 9.00 p.m.

Do you believe that you will get good popularity for your product and services through this LED TV wall ?

Yes

No

If yes, please fill this questionnaire.....

Municipal Council - Baticoloo

1 Your Business information		
1.1	Name of the business	
1.2	Business address	
1.3	Contact numbers of business	Land line: Mobile:
2 Advertising methods which you performs at present		
2.1	Methods of advertising	<input type="checkbox"/> TV <input type="checkbox"/> News papers <input type="checkbox"/> Leaflets and brochures <input type="checkbox"/> Banners / cut-outs <input type="checkbox"/> Posters <input type="checkbox"/> Other methods (please specify) -----

	2.2	Your current annual expenses for advertising	Rs. -----
	2.3	Do you believe that your sales were increased by current advertising effort?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No idea

3 Your choice of advertisement through the LED TV Wall			
	3.1	Preferred Type of advertisement (please tick your choice)	<input type="checkbox"/> Video clip <input type="checkbox"/> Still with out animation <input type="checkbox"/> Still with animation
	3.2	Preferred length of advertisement (please tick your choice)	<input type="checkbox"/> Seconds <input type="checkbox"/> 30 seconds <input type="checkbox"/> 45 seconds <input type="checkbox"/> 1 munite
	3.3	Number of times displaying per day (please write the number)	<input style="width: 50px; height: 20px;" type="text"/>

	3.4	<p>Preferred display time in the day (you can choose more than one option)</p>	<input type="checkbox"/> 5.00 a.m to 8.00 a.m <input type="checkbox"/> 8.00 a.m to 12.00 noon <input type="checkbox"/> 12.00 noon to 2..00 p.m <input type="checkbox"/> 2.00 p.m to 5.00 p.m <input type="checkbox"/> 5.00 p.m to 9.00 p.m
	3.5	<p>How much you hope to spent for this advertising</p>	<p>15 Seconds <input type="text" value="Rs."/></p> <p>30 seconds <input type="text" value="Rs."/></p> <p>45 seconds <input type="text" value="Rs."/></p> <p>1 munite <input type="text" value="Rs."/></p>