

# **BUSINESS ADMINISTRATION**

WS 2011/12

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## **BUSINESS PLAN OF A MUSICAL REHEARSAL STUDIO**





PREPARED BY ,

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# BUSINESS IDEA

- Jülich is a small town with a population of nearly 33.000 residents. There are several high schools, a university and a research center in Jülich. Thus, there is a young and multi-cultural population within the town.
- Music is a good tool to take people away from the stress of daily life. Many studies show that playing a musical instrument relieves stress.
- The opportunities to play an instrument are getting more and more everyday. Families are caring more about their children to have an hobby such as music comparing with the past.



# ADVANTAGES :

\*The people coming from all around the world in Jülich for working/studying cannot bring their instruments with them.

\*We will offer a studio where you don't have to bring instruments.

\*There are **no competitors** in Jülich.

\*The studio can be rented for people who wants to learn playing drums,because it is not possible for most of the people to buy drums for playing at home due to the sound and free space problem.

\*The studio can also be used by people who want to bring their own instrument.

\*There are many music clubs around Jülich. Such as,

# MUSIC CLUBS:

**\*Akkordeon-Orchester Jülich**

**\*Blasmusikkapelle "Merzbachmusikanten Ederen/Koslar"**

**\*"bläservielharmonie hambach"**

**\*Collegium Musicum Jülich**

**\*Jagdhornbläserkorps Jülich,  
Kreisjägerschaft Düren e.V.**

**\*Jazzclub Jülich e.V.**

**\*Jülicher Figuralchor**

**\*Jülicher Männergesangsverein 1851 e.V.**

**\*Jülicher Musikexpress**

**\*Kapelle Enzian e.V. Güsten**

**\*Kirchenchor Kirchberg**

**\*Kirchenchor St. Adelgundis**

**\*Mandolinen-Orchester Rurtal 1928 e.V. Koslar**

**\*Männerchor des Forschungszentrums Jülich**

**\*Männergesangsverein 1956 Welldorf e.V.**

**\*Quartettverein Barmen**

**\*Quartettverein Sangeslust Koslar e.V.**

**\*Tambourkorps Stetternich 1924 e.V.**

**\*Trommler- und Pfeiferkorps Broich 1923 e.V.**

**\*Trommler- und Pfeiferkorps Jülich-Daubenrath  
1964 e.V.**

**\*Trommler- und Pfeiferkorps Güsten 1922 e.V.**

**\*Trompeterkorps Daubenrath**

**\*Trompeterkorps Pattern e.V.**

**\*Tambourkorps Stetternich 1924 e.V.**

# NAME & PARTNERS OF THE COMPANY

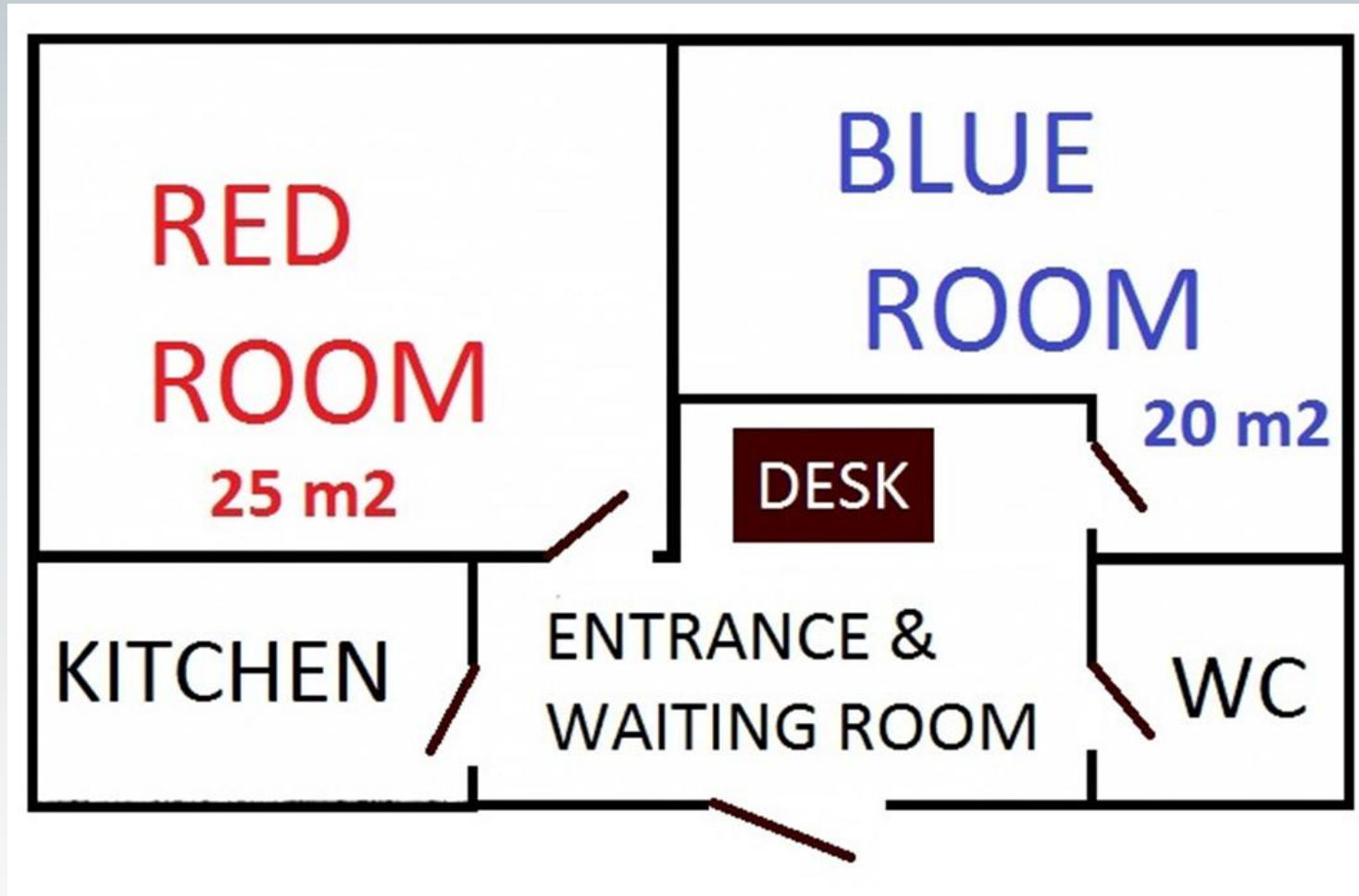
## PARTNERS:

NURETTIN CAGDAS DINC ( 50% SHARE )

SAIM ELMAS ( 50% SHARE )



# CONCEPT :



TOTAL 70 m<sup>2</sup>



# BLUE ROOM :



# RED ROOM :



# MARKET ANALYSIS:



District	Inhabitants
Jülich	33,133
Linnich	13,632
Titz	8,274
Aldenhoven	14,062
Inden	6,875
Niederzier	14,085
<b>Total</b>	<b>90,061</b>

WE HAVE TO CONSIDER THAT SOME OF THIS POPULATION IS TOO YOUNG , SOME IS TOO OLD AND SOME IS NOT INTERESTED.

SO WE CAN ROUGHLY SAY THAT  $\frac{1}{4}$  OF THIS POPULATION IS TARGET MARKET,

$$90.061 / 4 = 22.515,25$$

# FINANCIAL CALCULATIONS:

- \*Investment and Depreciation Costs
- \*Financing Costs
- \*Labour Costs
- \*Variable Costs
- \*Administrative & Marketing Costs
- \*Self Cost Calculation
- \*Price and Turnover
- \*Cash Flow Calculation



# INVESTMENT AND DEPRECIATION COSTS :

## BUILDING

	Model	Investment Amounts in €	Depreciation Rate in Years	Depreciation in € p.a.
Building				
Deposit for the flat		1320	0	-
Interior Renovation		700	10	70
Noise Isolation Installations		2500	10	250
Sum		4520		

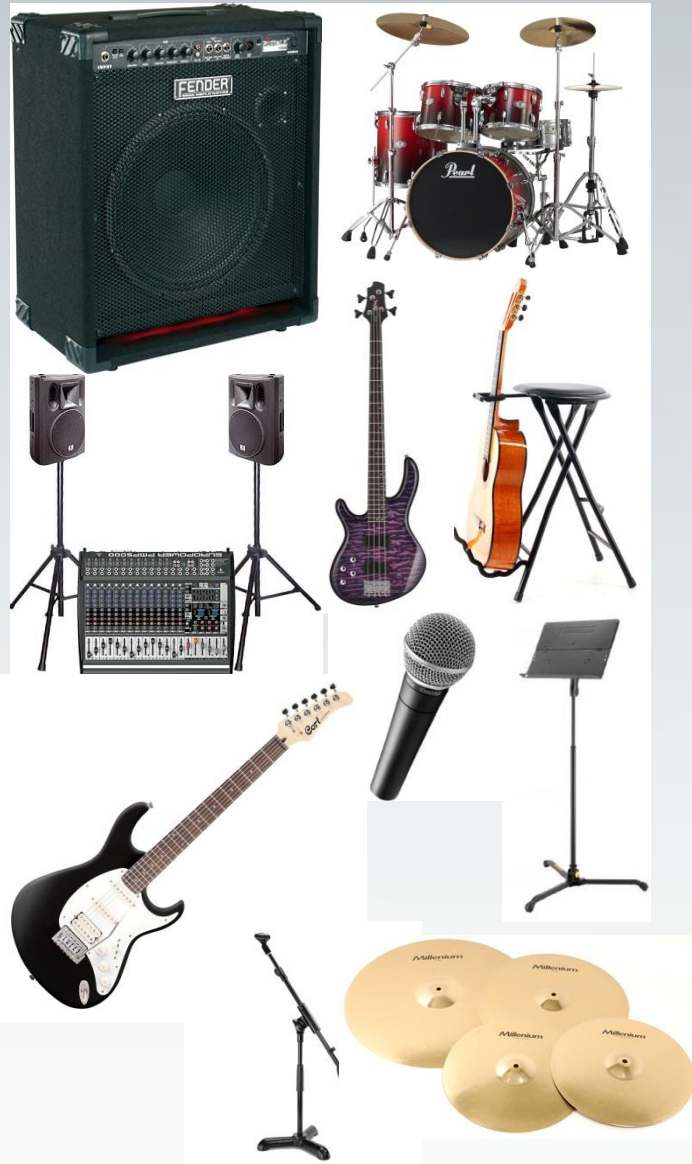
## FURNITURE & WHITE GOODS

	Model	Investment Amounts in €	Depreciation Rate in Years	Depreciation in € p.a.
Furniture & White Goods				
Air Conditioner (x2)	Beko 24000BTU	1242	10	124,2
Furniture		700		
Mini Refrigerator		360		
Sum		2302		



# INVESTMENT AND DEPRECIATION COSTS :

## MUSICAL INSTRUMENTS



	Model	Investment Amounts in €	Depreciation Rate in Years	Depreciation in € p.a.
Musical Instruments				
Electric Guitar(x4)	Cort G110	556	10	55,6
Bass Guitar (x2)	Cort Action A	398	10	39,8
Electric Guitar Amplifier (x4)	Marshall MG 100DFX	1582	10	158,2
Bass Guitar Amplifier (x2)	Fender Rumble 100	618	10	61,8
Drum Set (x2)	Pearl VBX925/B Standard #235	1458	10	145,8
Drum Cymbal Set (x2)	Millenium HL3 Cymbal Set Standard	190	1	190
Drummer Throne (x2)	Pearl D-80	142	10	14,2
Mixer, Power Amp, Speaker Set (x2)	Behringer PMP 5000 – The Box PA 302 Set	1396	10	139,6
Microphones (x4)	Shure SM58	400	5	80
Microphone Stands (x4)	Samson MB1	84	10	8,4
Music Stands (x6)	Hercules HC-BS- 401B	390	10	39
Musician Stools (x4)	Harley Benton Guitar Stool	95,6	10	9,56
Sum		<b>7309,6</b>		

# INVESTMENT AND DEPRECIATION COSTS :

## ELECTRONICS

	Model	Investment Amounts in €	Depreciation Rate in Years	Depreciation in € p.a.
Electronics				
PC		600	4	150
Fax, Scanner, Printer	Samsung SCX 4824 FN	304	4	76
Sum		904		
Unexpected		5000		
Total Investment		20035,6		1612,16





# FINANCING COSTS :

<b>Total Investment</b>	<b>20.035,60</b>
<b>40% own capital funds (shareholders equity)</b>	<b>8.014,24</b>
<b>60% outside financing (bank loan)</b>	<b>12.021,36</b>



**A bank loan will be needed to finance 60% of the total investment. We assume a bank loan over a period of 5 years with constant annual loan redemption and with an interest rate of 7%.**

<b>Year</b>	<b>Balance of debt</b>	<b>Interest rate (%)</b>	<b>Interest Costs Paid p.a.</b>	<b>Repayment / Paying back loan p.a.</b>
<b>1. Year</b>	12.021,36	7	841,49	2.404,27
<b>2. Year</b>	9.617,08	7	673,19	2.404,27
<b>3. Year</b>	7.212,81	7	504,89	2.404,27
<b>4. Year</b>	4.808,54	7	336,59	2.404,27
<b>5. Year</b>	2404,27	7	168,29	2.404,27
<b>Total interest paid</b>			2.524,45	
<b>Total Repayment</b>				12.021,36

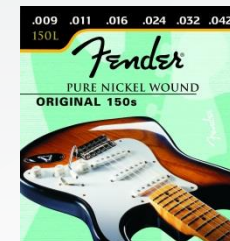
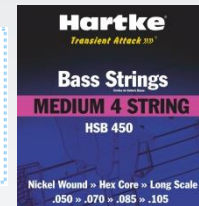
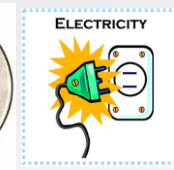


# LABOUR COSTS :

Personal in cost centre	Number	Personnel direct costs in €
Keeper	2	48.000
Total of labour costs (1 Shift)		48.000

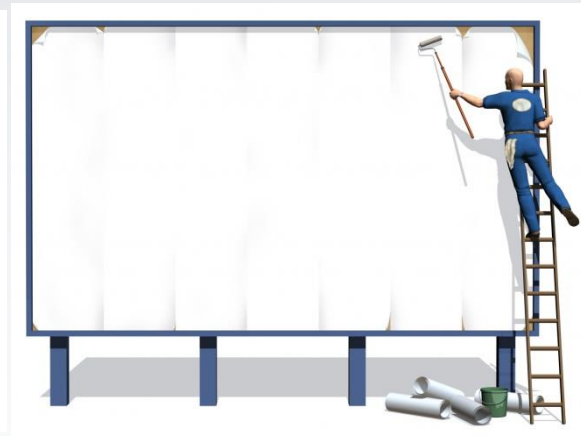
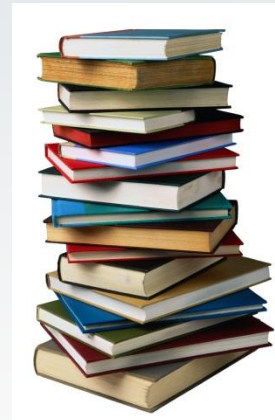
# VARIABLE COSTS :

	per month	per year
<b>Utilities</b>		
Rent	660,00	7.920,00
Electricity + Heating	200,00	2.400,00
Water	50,00	600,00
	Sum	10.920,00
<b>Inventory</b>		
Electric Guitar Strings	9,4	112,80
Bass Guitar Strings	16,66	200,00
Drum leather	5,50	66,00
Drum Sticks	16,72	200,64
Cleaning Agents	5,00	60,00
	Sum	639,44
<b>TOTAL</b>		<b>11.559,44</b>



# ADMINISTRATIVE & MARKETING COSTS :

	per month	per year
<b>Administrative Costs</b>		
Telecommunication	19,90	238,80
Office Supply	10,00	120,00
Books, Newspapers	15,00	180,00
	Sum	538,80
<b>Marketing Costs</b>		
Advertising	20,83	250,00
	Sum	250,00
<b>Total</b>		<b>788,80</b>



# SELF COST CALCULATION :

Costs	1. Year	2. Year	3. Year	4. Year	5. Year
Depreciation Costs	1.612,16	1.612,16	1.612,16	1.612,16	1.612,16
Financing Costs	841,49	673,19	504,89	336,59	168,29
Labour Costs	48.000,00	48.000,00	48.000,00	48.000,00	48.000,00
Variable Costs	11.559,44	11.559,44	11.559,44	11.559,44	11.559,44
Administrative & Marketing Costs	788,80	788,80	788,80	788,80	788,80
TOTAL	62.801,89	62.633,59	62.465,29	62.296,99	62.128,69
Self Cost per Product	9,42	9,40	9,37	9,35	9,32

## Working Hours:

1 Year = 52 Weeks

Holiday: 3 Weeks

Weekdays: 10:00 – 22:00

Weekend: 09:00 – 17:00

**Working Weeks:** 49 Weeks

$49 \times 68 = 3332$

**TOTAL:** 68 hours per week

but, we have two rehearsal rooms in our studio.

So,  $3332 \times 2 = 6664$

**IN TOTAL, 6664 PRODUCTS PER YEAR**

# PRICE AND TURNOVER :

WE DECIDED THE PRICE OF OUR  
PRODUCT TO BE 15€ ;

Year	Products	Pice per Product in €	Turnover in €
1	6664	15	99960
2	6664	15	99960
3	6664	15	99960
4	6664	15	99960
5	6664	15	99960

# CASH FLOW CALCULATION :

	1. Year	2. Year	3. Year	4. Year	5. Year
Turnover	99.960,00	99.960,00	99.960,00	99.960,00	99.960,00
Depreciation Costs	1.612,16	1.612,16	1.612,16	1.612,16	1.612,16
Financing Costs	841,49	673,19	504,89	336,59	168,29
Labour Costs	48.000,00	48.000,00	48.000,00	48.000,00	48.000,00
Variable Costs	11.559,44	11.559,44	11.559,44	11.559,44	11.559,44
Administrative & Marketing Costs	788,8	788,8	788,8	788,8	788,8
Loss Carried Forward	0	0	0	0	0
Profit Before Taxes	37.158,11	37.326,41	37.494,71	37.663,01	37.831,31
Taxes (40%)	14.863,24	14.930,56	14.997,88	15.065,20	15.132,52
Profit After Taxes	22.294,87	22.395,85	22.496,83	22.597,81	22.698,79
Cash Flow (net profit + depreciation)	23.907,03	24.008,01	24.108,99	24.209,97	24.310,95
Repayment Credit	2.404,27	2.404,27	2.404,27	2.404,27	2.404,27
Divident	21.502,76	21.603,74	21.704,72	21.805,70	21.906,68

# CONCLUSION

OPENING A REHEARSAL STUDIO IN JÜLICH , SEEMS TO BE A LOGICAL INVESTMENT CONSIDERING THE FACTS,

- \*SHORT TERM DIVIDEND

- \*NO COMPETITORS

- \*RATHER SMALL INITIAL INVESTMENT

- \*HIGH MARKET POTENTIAL



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