

## **CREATION OF CORNERSTONE:**

### **FINANCIAL PLAN**

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## 1. INTRODUCTION

Companies arise by combining a business idea and a person who decides to carry it out, this person is known as an entrepreneur. “The creation theory of entrepreneurial opportunity posits that opportunities are social constructs endogenously created by the actions, reactions and enactment of the entrepreneurs' exploring ways in order to create value in an uncertain context” (Alvarez and Barney, pp. 13–15).

In many countries, entrepreneurs are considered as levers of change that help the improvement and growth of a country (A.W., 2014). These adjectives are due to the benefits they bring, such as job creation, innovation capacity, and the contribution of tools and services that often improve the quality of life. In addition, from an economic point of view, they generate wealth within the country by encouraging foreign investment, contributing through the different taxes and promoting the revitalization of the economy.

However, not every idea is worth, nor is anyone capable of bringing an idea to fruition. From the original idea to the project, a transformation takes place because of adapting this concept to the available tools, the market and its needs, or existing legislation. The Effectuation logic, Entrepreneurial Bricolage (Baker and Nelson, 2005) argues that entrepreneurs operate in a condition of extreme resource scarcity, and have, therefore, to “make do” by combining the resources at hand and applying them to new problems and opportunities that arise.

“Making do hence implies making the most of limited resources, by engaging in experimentation, the early and frequent interaction with customers and subsequent iteration” (Fisher, 2012).

All of this linked to the motivation of the entrepreneur, be it a person or a team. The path of entrepreneurship is fraught with emotional ups and downs due to the many obstacles that arise when it comes to materializing an idea. That is why “Entrepreneurship is commonly defined as the act of discovering and pursuing profitable opportunities” (Shane and Venkataraman, 2000).

The entrepreneur must weigh the advantages against disadvantages, both for himself and for the environment, that the achievement of the idea entails (Wennekers, S.A., 2006)



That is why many must think about it a lot regardless of the advantages that exist, because it is a decision that can lead to success or failure.

Time flexibility, freedom of decision, job stability, possible economic performance, scalability or personal satisfaction are some of the advantages of undertaking; facing disadvantages such as the great need for dedication, responsibility, uncertainty and, consequently, economic risk (Jeffrey W. Alstete, 2008)

A startup is a temporary organization looking for a scalable and replicable business model. The startups should work closely with them to create iterative feedback cycles that allow new solutions to be tested and the business idea to be improved incrementally, so that it gains customer validation. (Blank, 2007)

The Lean Startup, a term coined revisits Customer Development and consists of a business approach where the aim is to change the way companies are built and new products are launched (Eric Ries, 2011).

Unlike other methods for managing early stage ventures, the Lean Startup Approach also balances the strong direction imposed by a founder's vision with the need for redirection following market feedback (Eisenmann, 2012).

The purpose of the study is to verify the viability of the start-up of the Cornerstone company, importing and importing and selling products in the fashion sector, specifically accessories: necklaces and bracelets.

Throughout the analysis, the components that intervene in the creation of a company can be observed, from the figure of the entrepreneur and its impact on the country's economy, going through the creation of a business plan, its financial analysis and ending with the creation of said project.

To prepare the financial forecasts, the balance sheet structure and the profit and loss are used to show, in a clear and standardized way, the equity situation of the company. These two analyses, as determined by Weil, R. L., Schipper, K., & Francis, J. (2013):



“The balance sheet displays resources (assets) and the financing of those resources (liabilities and shareholders’ equity) as of a point in time. The balance sheet reflects the following equality, called the balance sheet equation:

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}.$$

This equation requires that assets equal the financing provided by creditors and owners of the firm. Stated differently, management uses the funds provided by creditors (in the form of liabilities) and owners (in the form of shareholders’ equity) to acquire resources (in the form of assets).” (p. 111)

On the other hand,

“The income statement reports net income (or net loss) for a time period, such as a quarter or a year. Net income (also called earnings or profit) equals revenues minus expenses plus gains minus losses.

Expenses reflect the decrease in shareholders’ equity resulting from the increase in net assets (assets less liabilities) that a firm receives from its customers when it sells goods or renders services. Expenses reflect the decrease in shareholders’ equity resulting from the decrease in the net assets consumed in generating revenues.

As a measure of performance, revenues reflect the value of goods sold and services rendered by a firm, and expenses reflect the efforts required to create and deliver those goods and services.

Unlike the balance sheet, which displays assets, liabilities, and shareholders’ equity at a point in time, the income statement reflects the results of operations during an accounting period.” (p.141).

In addition, the reasons that are simply the data used will be used. As Weil, RL, Schipper, K. and Francis, J. (2013) also affirm: “The financial indexes incorporate the scale of operations by, for example, relating the amount of income generated by the company with the amount of investment in assets. The proportions aid in the analysis of the financial statements because they summarize the data in an easy to understand, interpret and compare way. ” (p.222).



The objective of the work is to detail all the relevant aspects when starting up the creation of a company, discover an effective model to carry out the analysis, as well as the procedures and investment necessary to start up the activity.

The rest of the work has been structured in four more sections. The following section analyses the theoretical context of lean Startup approaches. In the third section the business plan developed using the Canvas model is detailed. In the fourth, the financial forecasts of the developed plan are presented. And finally, the main conclusions of the work are summarized.

Developing financial forecasts is considered essential to the success of the entrepreneur. As Sawyer said, “The financial model provides you with a powerful tool for articulating your business idea [...]” (Sawyer, 2015). Furthermore, these forecasts must be as accurate as possible, Hanselman emphasizes that “Ignorance is not bliss. What isn’t known and isn’t anticipated can hurt you.” (Hanselman, 2012)

## **2. THEORETICAL CONTEXT**

To facilitate the work of the entrepreneur and prevent certain failure, models have been created that help analyse all the factors involved in the transformation from idea to business. “A discovery view of opportunities hence advocates the use of data collection and analysis techniques and methods framed in a business plan to make decisions in a risky context.” (Delmar and Shane, 2003).

The so-called business models are templates that express in a simple way the best way to analyse the viability of an idea through analysis and testing. Through the realization of a Business Plan, the entrepreneur can more likely know if the idea is going to lead to a sustainable company or not. If not, it is possible to detect the aspects that impede viability and restructure the idea from another perspective, or to set aside a project destined for failure before investing time and money.

The first to propose a model as such was Steve Blank (2007), when he introduced the concept of “customer development” and described the process that entrepreneurs should follow to test and refine their business hypotheses through customer interaction. In his seminal book “The Four Steps to the Epiphany: Successful Strategies for Products

that Win”, he argued that a startup is a temporary organization looking for a scalable and replicable business model.

As a result of these statements, it comes from Osterwalder and Pigneur (2010) what is known as the “business model canvas”, according to which three pillars and nine parameters are assigned to a business model (see Picture 1). Thanks to this, a kind of guide is obtained through which the viability of the business is raised.

PILLAR	PARAMETER	DESCRIPTION
Value infrastructure	Key activities	<i>Describes the most important things that a company must do to make its business model work</i>
	Key resources	<i>Describes the most important assets required to make a business model work</i>
	Key partners	<i>Describes the network of suppliers and partners that make the business model work</i>
Value proposition	Value propositions	<i>Describes the bundle of products and services that create value for a specific customer segment</i>
	Customer segments	<i>Defines the different groups of people or organizations that an enterprise aims to reach and serve</i>
	Customer relationships	<i>Describes the types of relationship a company establishes with specific customer segments</i>
	Channels	<i>Describes how a company reaches and communicates with its customer segments to deliver a value proposition</i>
Value formula	Cost structure	<i>Describes all costs incurred to operate a business model</i>
	Revenue stream	<i>Represents the cash that a company generates from each customer segment (costs must be subtracted from revenue to create earnings)</i>

Picture 1: The business model canvas, Osterwalder and Pigneur (2010).

“By introducing this approach, the startup can reduce the likelihood of it failing. This is because the initial business model and the assumptions on which it was based, which in the main stem from the entrepreneur's personal perception of reality, have been tested and possibly verified in the field through repeated interaction with potential customers, and the learning outcome derived from these tests comes from the real world” as A. Ghezzi (2019) said. For the business plan approach, we have chosen to use this Canvas model.

The Value formula is included in the Canvas model, which includes the Financial Plan. A financial plan is a tool used to analyse the viability of a company, taking into account on the one hand the unit costs of production, fixed costs, variables and taxes and on the other the sales, the unit margin, the financing, the income and profit or loss. All the information is collected in a document in a quantified and developed form, broken down month by month to reach the annual total. The financial plan includes accounting elements such as the balance sheet or profit and loss account, also financial ratios. It is important that the data is objective and closely matches reality. The special importance



of this section is that it foresees the viability of the company on a financial level, thereby minimizing the fear of loss.

### **3. BUSINESS PLAN**

#### **3.1 PROJECT IDENTIFICATION**

##### **3.1.1 DESCRIPTION OF THE IDEA**

The project is based on introducing a range of products that break design standards for fashion accessories, such as necklaces and bracelets. The aim is to complement the great Spanish demand in the textile industry with a peculiar way of understanding accessories, these being the protagonists.

A different philosophy is offered that is evident in the selected products. The design of these products is based on an exhaustive search that provides the best quality without giving up the price.

To achieve this objective, the Chinese market is analysed, this is due to the great development and production produced in the last decades. In the business idea that arises, the main activity consists of selling imported fashion accessories (jewellery).

To learn more about importation and to deepen the study of this field, a trip is made to China in search of the desired product. After a three-month stay, cities such as Shanghai, Jinhua, Hangzhou and Yiwu are visited, the latter being the best option for its accessibility and variety. Few people outside of China have heard about Yiwu and how it has become one of the most globalised cities in China today (Chen, Xiangming; 2015).

##### **3.1.2 DESCRIPTION OF THE BUSINESS MODEL**

A sale is made to shops and individuals of jewellery items through online outlets with shipments throughout Spain. The sources of income are, on the one hand, the direct sale of the product to the final consumer and, on the other hand, the wholesale sale to companies in the industry.

In order to have an overview of the type of business to which the project refers, a focused analysis is carried out on the main aspects, such as the sector, the activity, the location... (see Picture 2).



### Cornerstone General Features

<b>Sector</b>	Fashion accessories	
<b>Activity</b>	Import and distribution	
<b>CNAE code</b>	4648	Wholesale trade of clocks and jewelery
	4791	Internet or mail order retail
<b>Legal form</b>	Freelance	
<b>Location</b>	Logistics center in Castellon	
<b>Distribution</b>	Spain	

Picture 2: Cornerstone General Features. Source: self-made.

The National Classification of Economic Activities (CNAE) code is made up of four digits whose purpose is to classify the economic activities that are carried out. As can be seen in the image, in the case of Cornerstone the most representative codes are 4648 and 4791.

#### 3.1.3 DESCRIPTION OF THE ENTREPRENEUR'S VISION / MISSION

Strategic management is a set of managerial decisions and actions that determines the long run performance of a corporation. Vision describes what the organization would like to become (Wheelen and Hunger, 2012)

Mission statement answers two basic questions that the stakeholders might ask about a company: identity of company, differences from the others and what the company does (Dermol, 2012).

The vision soon is to enhance the brand image in Spain in a dynamic way and make the products an emblem.

The mission as a company is to achieve constant innovation in the fashion sector through Cornerstone's distinguished products.



Those values are fundamental to the scalability of the project, since, as the team expands, there must be coherence and common thinking that allows progress in the same direction.

### **3.1.4 ECONOMIC, POLITICAL AND SOCIAL SITUATION**

To ensure the success of the project, it is decided to collect information about the external environment that may affect the development of the company. The objective is to establish an adequate strategy, adapted to the economy and the situation the population is currently going through.

To study the conjuncture, the PESTEL analysis will be used, since, as stated Çitilci, T., & Akbalık, M. (2020) "It is the combination of political, economic, social, technological, environmental and legal factors.

- **P**olitical factors can cover subtitles such as; tax laws, government policies, political risks, elections and stability/instability, trade restrictions etc.
- **E**conomic factors can cover subtitles such as; central bank monetary policies, fiscal policies, growth, interest rates, Exchange rates, inflation, wages and taxes etc.
- **S**ocial factors can cover subtitles such as; Demographics/population, NGO, health/insurance system etc.
- **T**echnological factors can cover subtitles such as; innovations, computer systems, copyrights etc.
- **E**nvironmental factors can cover subtitles such as; climate/weather/nature, raw materials, pollution etc.
- **L**egal factors can cover subtitles such as; labour laws, legislation, consumer rights/law etc."



### 3.1.4.1 Political Factors

Spain, a country on the Iberian Peninsula in Europe, includes 17 autonomous regions with diverse geographical and cultural characteristics. As contemplated in Article 1 of the Spanish Constitution: “1. Spain constitutes a social and democratic State of Law, which advocates freedom, justice, equality and political pluralism as superior values of its legal system. 2. National sovereignty resides in the Spanish people, from whom the powers of the State emanate. 3. The political form of the Spanish State is the parliamentary monarchy.”

On the other hand, it is necessary to analyse China, the country in which the products are obtained for import. As stated by its embassy: “The system of popular assemblies is the fundamental political system of China, as well as the country's government regime. The Constitution of the People's Republic of China stipulates that all the power of this country belongs to its people.”

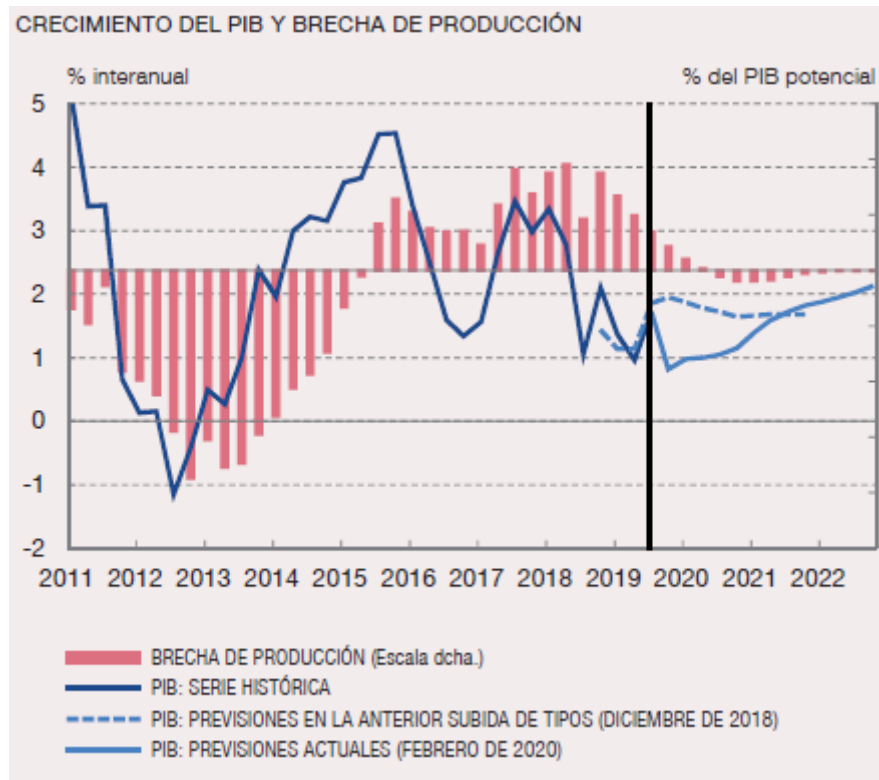
### 3.1.4.2 Economic Factors

Spain, within the euro zone, is the 5th in terms of its annual Gross Domestic Product (GDP).

European Union							
Countries	Population	Annual GDP	GDP per capita	HDI	Debt	Debt (%GDP)	Deficit (%GDP)
~ TOTAL: EU	513,469,248	18,412,575M.\$	35,859\$		15,326,489	79.30%	
Germany [+]	83,019,213	3,846,591M.\$	46,334\$	0.936	2,443,497	61.90%	1.90%
United Kingdom [+]	66,647,112	2,824,850M.\$	42,385\$	0.922	2,426,862	85.90%	-2.20%
France [+]	67,012,883	2,708,067M.\$	40,411\$	0.901	2,734,329	98.40%	-2.50%
Italy [+]	60,359,546	2,001,290M.\$	33,156\$	0.880	2,811,141	134.80%	-2.20%
Spain [+]	46,934,632	1,393,505M.\$	29,690\$	0.891	1,330,931	95.50%	-2.54%
Netherlands [+]	17,282,163	909,091M.\$	52,603\$	0.931	478,900	52.40%	1.50%
Poland [+]	37,972,812	590,014M.\$	15,538\$	0.865	284,241	48.90%	-0.20%
Sweden [+]	10,230,185	531,408M.\$	51,945\$	0.933	215,767	38.80%	0.80%

Picture 3: Data from the countries of the European Union. Download from: <https://countryeconomy.com/countries/groups/european-union> [04/07/2020].

As detailed in the quarterly Economic Bulletin 1/2020 offered by the Bank of Spain, "The economic evolution throughout the quarter has been drastically conditioned by the worldwide spread of Covid-19 disease, caused by a coronavirus."



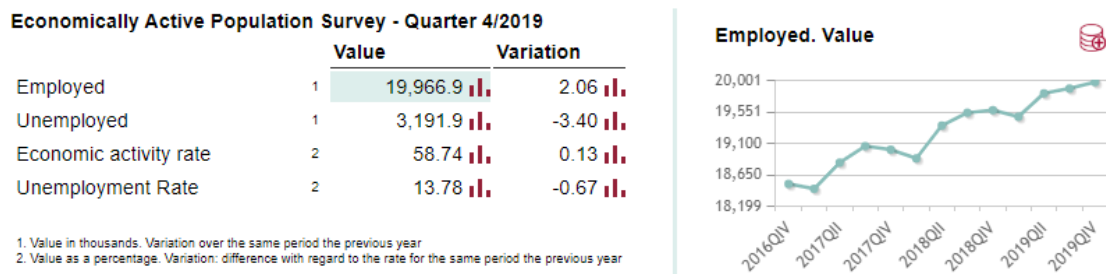
Picture 4: "GDP growth and production gap in Spain" Source: Riksbank, Swedish Statistical Institute and Swedish National Institute for Economic Studies. [03/20/2020]

The economic situation allows access to the industry in a moment of weakness, so the strength of the competitors is reduced, and it is possible to establish a starting point that enables the growth of the company as the economy recovers.

Another point to keep in mind is that China's production remains active because it has been the first country to return to normal economic functions after overcoming the pandemic. The company benefits in the short term from competitors whose production resides in other countries more affected by the pandemic.

### 3.1.4.3 Social Factors

Spain, according to the National Statistics Institute (INE), has 47,100,396 inhabitants. Of which, the number of active population and other significant variables are represented in the following table.



Picture 5: Economically Active Population Survey, Source: National Statistics Institute (INE). [01/28/2020].

There are almost 20 million people with purchasing power. The company segments 30% of these people, who also meet the customer profile that is estimated as a target audience. That is why it is concluded that it has a target audience of almost 6 million people, residents in Spain.

### 3.1.4.4 Technological Factors

Growth at a technological level is estimated as something positive for the business since, increasingly, distribution channels are more accessible, faster and cheaper.

On the other hand, the business is based on a centralization of various processes that is achieved thanks to the possibility of communication and monitoring around the world. From discovering the product, placing the order, exhaustively controlling the import, keeping an accounting of the cash flows, orders, shipments, stocks ...

Lastly, since the main means of selling products is the website, technological progress also has a significant influence here. This progress has been exacerbated given the confinement caused by the COVID-19 pandemic. As the population is confined to home, the number of online purchases and the public with a higher age profile, which was not as prone to buying via the Internet, has developed this habit due to necessity. So it is also easier to reach that age range.



#### 3.1.4.5 Environmental Factors

Due to the environmental situation, it is considered convenient to analyse the aspects related to the business.

The Spanish Constitution contemplates environmental factors in Article 45, so that the country and its consumers appreciate, in their majority, the support for the environment by companies.

The company will focus on obtaining B Corp certification, as described on the official website: “B Corp Certification is the only certification that measures a company’s entire social and environmental performance.” Source from B Corp’s website: <https://bcorporation.eu/certification> (04/13/2020).

The aim of this distinction is to add an extra point in differentiation and to show Cornerstone's commitment to global problems. In this way, a new niche opens for people who express their support through the consumption of products from aware companies.

#### 3.1.4.6 Legal Factors

In Spain, to carry out any business activity you need a license, the basic steps to follow are:

- Constitute the Statutes
- Establish the legal form
- Contribute the capital stock
- Request the NIF at the Tax Agency (form 036)
- Registration in the Mercantile Registry
- Registration in the Tax on Economic Activities (IAE)

### 3.1.5 SECTORIAL SITUATION

It starts from a generic perspective to increasingly segment the sector in which the company is going to be immersed.

According to the National Commission of Markets and Competition (CNMC), e-commerce in Spain groups sales worth 12,000 million euros in business volume, with 211 million operations. Given the exponential growth of the business, the fashion and accessories sector occupy 5.6% of the total volume.

To analyse the project potential against the competition, we proceed to prepare the SWOT analysis. As Gürel, E., & Tat, M. (2017) says “SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy.” “It has four components: Strengths, weaknesses, opportunities, threats.”

## CORNERSTONE SWOT



Picture 6: Cornerstone SWOT. Source: self-made.



### 3.2 CUSTOMER SEGMENTS

It differentiates between two types of clients. On the one hand, the organizational consumer is companies dedicated to the sale of fashion items that want to incorporate a greater offer of products and a diversity of brands. In this case, the sale takes place at wholesale and the sale price is lower, what is sought is to offset the detriment in the margin with the increase in sales volume. A minimum order is established to access these conditions and the sale is limited to these types of companies whose purpose is to intermediate to obtain a margin. This figure allows the proposed project to reach many final consumers more quickly.

In addition, it helps position Cornerstone within the industry. These types of clients are a key element when it comes to catapulting the business, leading to an exponential increase in sales

Organizational consumer description:

Fashion and accessories stores: In order to collaborate with other well-known online points of sale within the sector. After analysing the market, a search was made for possible points of sale and brands with which you can collaborate and the degree of acceptance of the possible collaboration based on your profile.

NAME	COLLABORATION DEGREE	WEBSITE
BIJOU BRIGITTE	HIGH	<a href="https://www.bijou-brigitte.com/es/">https://www.bijou-brigitte.com/es/</a>
DAY A DAY	MEDIUM	<a href="https://www.dayaday.com/">https://www.dayaday.com/</a>
EASTPAK	LOW	<a href="https://www.eastpak.com/es-es/">https://www.eastpak.com/es-es/</a>
HAWKERS	LOW	<a href="https://www.hawkersco.com">https://www.hawkersco.com</a>
UTERQÛE	HIGH	<a href="https://www.uterque.com/es/">https://www.uterque.com/es/</a>

Picture 7: Points of sale. Source: self-made.

On the other hand, the other type of customer is the final consumer, that is, the person who purchases the item for its use. To do this, you must segment the person profile that Cornerstone is targeting. In this way, it is possible to quantify the public the company is targeting and how to reach it. This analysis later makes it possible to focus advertising on the media, time slots and formats that most affect the determined profile.

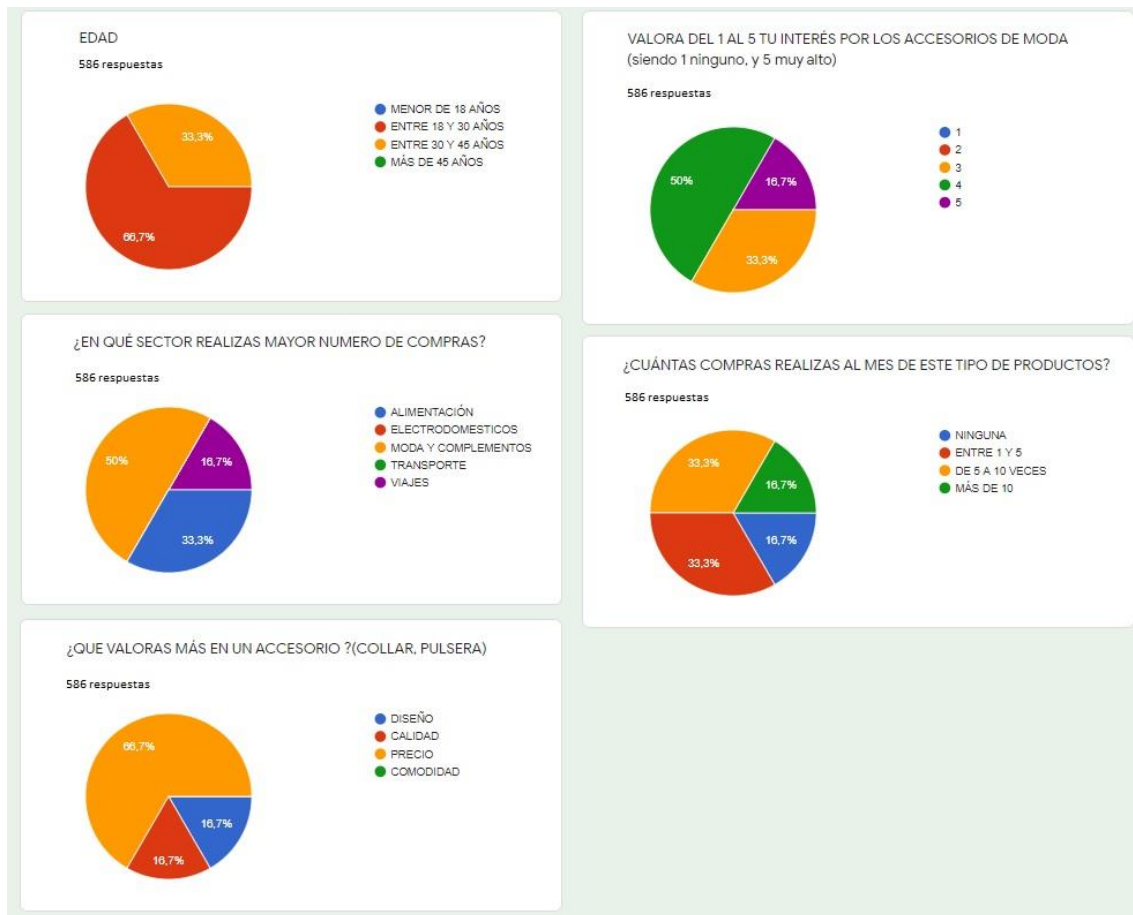




- People related to fashion, mainly people interested in trends.
- Age between 18 and 45 years.
- They seek to differentiate themselves through accessories such as necklaces and bracelets.
- Medium, medium-high and high economic level.
- Let them give value to memories.

As previously studied in the PESTEL analysis, there are almost 20 million people classified as active population, therefore, with purchasing power. Of these 20 million, people who are also between the ages of 18 and 45, are approximately 30% according to the National Statistics Institute (INE), that is, a target audience of 6 million people. The variable to estimate the interest in fashion accessories is added, and it is estimated that at least 40%, representing a potential audience of 2.4 million people.

To better analyse the market, a survey of Spanish consumers differentiated in age ranges is carried out, those who do not meet the age parameters are discarded and the potential client is classified into two subgroups according to age: between 18 and 30 years old, and between 30 and 45 years old. Expenditure and recurrence in the sector are analysed, the survey has been widely accepted and an estimate has been obtained based on the sample of almost 600 people.



Picture 8: Final Consumer Survey. Source: Self-made through Google Forms.

The access of this profile to Cornerstone's products is divided into two main points of sale, one of which is through the physical points of sale, fashion stores that sell our products (key partners and organizational consumers); Another way is through direct sales made by the company through the Cornerstone's website (<https://al314837.wixsite.com/cornerstone-1>) and the different derived points of sale, such as social networks.



### **3.3 VALUE PROPOSAL**

The problem that is solved is the lack of innovation and variety in the introduction of design products in the Spanish market, a rapid distribution of design products is sought, with a value beyond the complement itself, it is given meaning unique to each item as described in the catalogue (see appendix 3).

The combination of fashion accessories with different garments for different occasions is added as a value proposition, so that the client can see various usage scenarios and multiple combinations of the desired accessory.

Special emphasis is placed on improving memories, the idea pursued as a brand is to summarize an experience through a memory. And of course, that this memory is one of our unique pieces

It should be added that a strong point is the uniqueness of the brand. From identity to product, through its presentation.

To add value to the proposal and achieve a large volume of public that is attracted to the brand, a price differentiation is also pursued, something that will help the initial boost of the brand.

### **3.4 COMMUNICATION CHANNELS**

Communication with the client is established for two generic purposes, one of the objectives is to reach him, contact. For this purpose, proactivity is required from the company and a continuous creation of material of interest to the consumer. To contact, the project seeks to be present in the largest number of spaces related to fashion, the channels to be used are:

- Web: A point of sale that also functions as an online catalogue and contact vehicle.
- Social Networks: Accounts on Facebook, Instagram, Pinterest and 21buttons.
- Fashion and accessories forums
- Email
- Sponsorship of sporting, photographic, fashion events ...
- Alliances, Prescribers: Within this field, athletes such as Marc Márquez or Sergio Ramos, celebrities such as Alejandro Sanz, models such as Andrés Velencoso,



Sergio Carvajal or Paula Echevarria, or influencers such as Dulceida or Rocio Osorno are sought to test and recommend the product.

Another objective that is sought is to attend, to be able to resolve any type of doubt, request or incident. For this purpose, it is used:

- Email
- Web
- Phone

### **3.5 RELATIONSHIPS WITH CUSTOMERS**

There are several strategies to create and maintain a good relationship with customers, what is pursued when using strategies is to increase the cost of brand change by the customer, also that customers are in turn people who recommend and advertise the product. The strategies that have been proposed to apply are:

- Acquisition: Through offers and products of the month
- Cost: A better price compared to the competition
- Sales Boost: Big Discount Day (ex: Black Friday)
- From brand fans: Giving value to the brand
- Mouth-to-ear boosters: Personal recommendations

To segment the information that is sent to customers and that is of interest, a prior taste test with preferences in terms of colours, designs, places and hobbies is proposed and, to complement, final satisfaction test of the recommended events and accessories.

Giving added value to the customer so that he continues in relation to us is the basis for favouring recurring orders. To send information of interest, a newsletter has been created to be sent via email, the content of which is detailed below.

Send monthly information to the network of clients and potentials about:

- New products and promotions
- Information from websites and fashion agencies
- News section (Winners of sporting events, innovation in the fashion sector, model castings...)



- Events in the client area (festivals, catwalks, fairs and others related to fashion and fun)
- Link knot: Being able to solve problems on specific topics for customers (tailored suits, personal shopper...)
- Plus to loyal customers (points program, offers...)
- Holiday notices and bridges with offers
- Birthday congratulations

To obtain the database of clients and potentials, registrations will be registered on the web for the different events, raffles and discounts. In addition, collaboration in events with key partners where entry or prior registration is required will also be a data source.

### **3.6 KEY RESOURCES**

To start the business project certain necessary elements are needed. For the correct operation of the activity, a small warehouse is needed to have the stock. The design of the logo and the creation of the website and the catalogue is the first step to be able to position the brand.

Once the import, warehousing and import processes are established, and the brand image is established, a logistics center is needed that is easily managed with a computer, accounting software licenses, management and design, social networks, advertising and the capital that allow you to meet the costs of business creation and maintenance.

The main elements are shown in the following list:

<b>KEY ELEMENTS FOR THE DEVELOPMENT OF CORNERSTONE</b>
Small storage place
Marketing team (photo editing, monthly magazine design, catalog design, promotions, social networks)
Customer service: Telephone support for delivery failures, doubts or problems with the order.
Web
Shipping system (clothing and accessories)
Material suppliers
Collaborators
Tax and labor advice
Network of contacts
Computer
Mail address
Accessories template
Social networks
Internet connection
Brand image (logo, slogan ...)
Office for the management of shipments
Financing

Picture 9: Key elements. Source: self-made.

To carry out the activity, a location near the downtown area has been chosen to facilitate communication with the public entities in charge of authorizing imports, as well as with shipments.



Picture 10: Cornerstone office and warehouse. Download from:

<https://www.milanuncios.com/alquiler-de-locales-comerciales-en-castellon-de-la-plana-castellon/alquiler-entresuelo-av-del-mar-331325326.htm>

The local has 100m<sup>2</sup> and its price is € 300 per month. To formalize the contract, a deposit must be paid that is equivalent to two monthly payments.

The local consists of three different spaces, in one of them the product is stored, as well as its packaging. Another space is used to manage the logistics part: website, import, purchases, stock, orders, shipments... Finally, the third space is used to carry out office tasks: Administration, customer service, social networks and accounting. These spaces can be seen in the previous image (see picture 10).

### **3.7 KEY ACTIVITIES**

The aim is to expand the business through the positioning of the brand, the diffusion of the products and the sale of the same. For this, the fundamental activities that must be carried out are:



Participation in fashion events: The presence in events related to the sector is a great showcase and gives positioning. It is intended to participate actively through sponsorships, parades, booth ...

Promotion through social networks: Dissemination campaigns with special promotions and raffles help increase the number of followers and boost the brand's fan strategy. This translates into a greater reach and, therefore, more sales.

Product sale: Finally, the company's livelihood is based on the sale of the product, which is why it is so important to carry out activities that make it known and position it as the sale itself. This activity consists of facilitating access to the product and responding efficiently to demand.

### **3.8 KEY ASSOCIATIONS**

As stated, it is essential to have alliances that allow us to publicize the project, so the profiles that add value and move a large volume of people through the recommendation have been studied.

The alliance must be created with profiles related to the style and philosophy of the brand. In the case of Cornerstone, key partnerships are made with athletes, models, influencers, clothing and accessories stores, event organizers and fashion magazines.

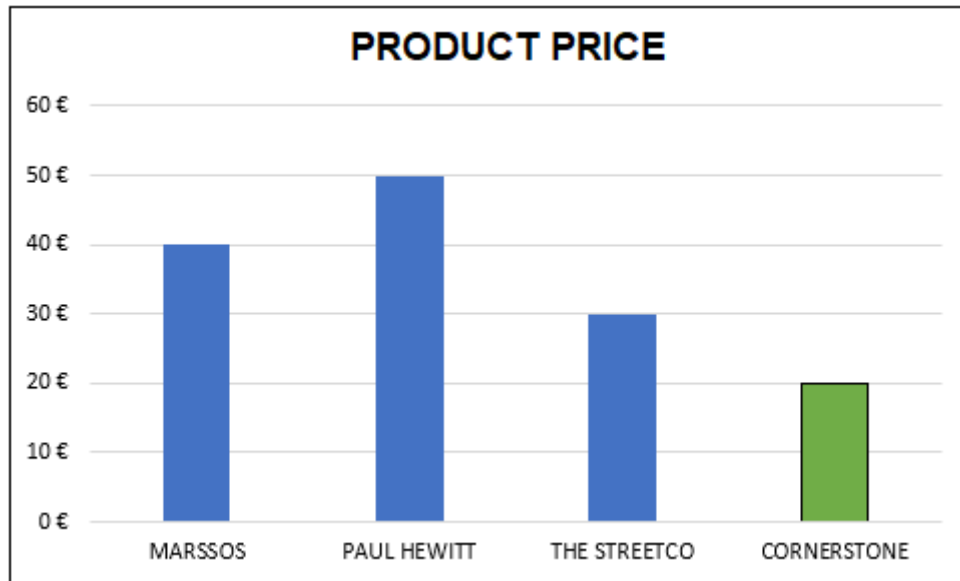
### **3.9 MARKET ANALYSIS: COMPETITION**

Before starting the project, other companies that provide a similar service must be considered, so the added value and viability of the project can be verified.

An analysis is made of the entire sector, specifically of companies with similar products and objectives. By filtering the results, three direct competitors are obtained who move mainly on social networks, their communication channel is the website, the star products are necklaces and bracelets and they range in a similar price range.

Direct competitors are Marssos, Paul Hewitt and The StreetCo. The following graph shows the comparison of the average price by brand.





Picture 11: Comparison of prices between competitors. Source: self-made.

After analysing the possible competitors, it is concluded that the differentiation in costs is effective, so that the competition does not pose a great threat to Cornerstone (See image 11).

Cornerstone's average price is 20€, also having articles at 15€ and 25€, in all cases it is below the price of its competitors.

The star products of the companies analysed, and the prices are detailed:



Picture 12: Marssos products. Download from: [www.marssos.com/](http://www.marssos.com/)

The sale of Marssos is done through the website and its main showcase is social networks, especially Instagram.

It has 137,000 followers, which corroborates the viability of a project focused on this sector.

Price: 40.11€



**PHREPS**  
 Pulsera con Ancla PHREP IP Rosa Negro  
 49,90 € Incl. IVA

**PHREPS Lite**  
 Ankerarmband PHREP Lite Edelstahl Nylon Schwarz  
 29,90 € inkl. MwSt.

**PHREPS**  
 Pulsera con Ancla PHREP Acero Inoxidable Nylon Niagara-Petrol  
 39,90 € Incl. IVA

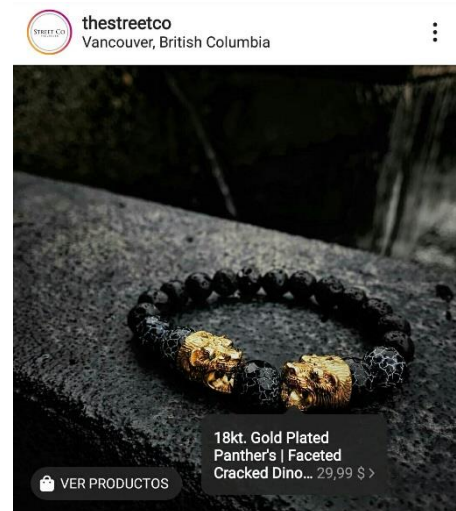
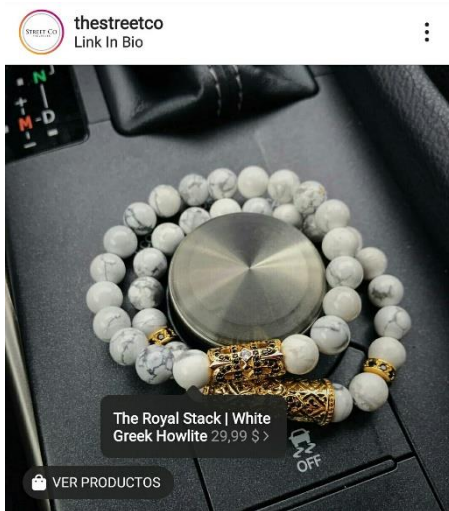
Picture 13: Products of Paul Hewitt. Download from: [www.paul-hewitt.com/](http://www.paul-hewitt.com/)



**Anchor Spirit**  
 Pulsera de Cadenas Anchor Spirit Plated Rosa  
 69,90 € Incl. IVA

Price: between 29.90€ - 69.90€

Followers: 879,000



Picture 14: StreetCo products. Download from: [www.streetco.ca](http://www.streetco.ca)

It is similar to Marsos, in the analysis it is seen that in the case of Marsos it contributes value in packaging while The Streetco seeks to relate its products to high-level items through images.

Price: 27.18€

Followers: 161,000



### **3.10 PRODUCT (See Appendix 3)**

Regarding the offer of products, it can be found in Appendix 3, there are six different products for women and three products for men. Necklaces and bracelets can be found in the women's range, while only bracelets are sold in the men's range.

The concept enhances design, exclusivity and relates each product with a deeper meaning, this makes it easier to relate it to a memory or a specific person profile.

For the elaboration of the catalogue, the photos have been taken in China, specifically in a natural park in Jinhua, to transmit the connection with nature and with the origin and design of China, without sacrificing quality.

The catalogue describes the unique characteristics of each element and what it represents.

Additionally, you can find products and news on the website created by Cornerstone, which serves as a catalogue and point of sale.

WEB: <https://al314837.wixsite.com/cornerstone-1>

## **4. FINANCIAL PLAN**

For the implementation of the project an initial investment is required that supplants the cost of the different elements necessary for the constitution of a structure.

The contact with the suppliers is established, so for the start-up of the product flow the orders are made via WeChat, the supplier is in charge of taking it to the port where it is contracted in transport service to the port of Valencia, where pick up and take to the warehouse. From this warehouse, orders are processed through the computer, and shipments are made through an external company.

The elements, which make up tangible and intangible fixed assets and will appear as Assets of the Social Security Balance Sheet, are detailed in the following table:

INITIAL INVESTMENT		Amount €
1.1	Constitution expenses	3.000,00 €
1.2	Deposits / bonds	600,00 €
1.3	Adaptation of the place	500,00 €
1.4	Furniture, shelves ..	500,00 €
1.5	Website	700,00 €
1.6	Computer equipment	1.500,00 €
1.7	Licensing computer programs	150,00 €
1.8	Office tools	100,00 €
1.9	Initial publicity, launch	500,00 €
<b>1.10</b>	<b>Total investment fixed</b>	<b>7.550,00 €</b>
1.11	Warehouse supply / stock	2.971,17 €
<b>1.12</b>	<b>TOTAL INVESTMENT (1.9 + 1.10)</b>	<b>10.521,17 €</b>

Picture 15: Initial Investment. Source: self-made.

Incorporation expenses are included, including advice, fees and capital stock; For the warehouse rental contract, a deposit of two full monthly payments must be deposited; the reform and the furniture refers to the adequacy necessary to store, package and distribute in the most efficient way possible, also as necessary for the operations center (licenses, website, computer equipment, printer, shelves, office supplies... ) and, finally, the initial order and advertising for the launch of the brand.

In addition to the initial cost, to know the viability of the project it is necessary to estimate the costs that must be assumed, both fixed and variable. A forecast has been made detailing the expenses after an exhaustive analysis of the prices of the different necessary services.

The main concern when obtaining a product of foreign origin is the cost of importing, a country like China is an obstacle when it comes to importing, this is due to its peculiar culture and language. That is why it is decided to know the particularities from within and the potential markets, industries and cities are analysed. It was decided to buy in Yiwu, strategic alliances were established with suppliers, and this location was established as a starting point for the analysis of unit cost.



In appendix 2 each process is detailed step by step; in broad strokes the process is structured as follows:

- 1º The order is placed via WeChat
- 2º It is the supplier who contracts the transport from Yiwu to the port of Shanghai
- 3º Maritime transport is contracted from the port of Shanghai to that of Valencia
- 4º The product is collected in Valencia and transported to the warehouse
- 5º From the warehouse it is done in packaging and the product is sent to the entire national territory on demand through an external collaborator, 'Correos'.

After a long process (see Appendix 2) the unit cost of the product is obtained.

	Import costs (€)
Product Acquisition Price	2025,00
China internal transportation	16,67
China-Spain transport * <sub>2</sub>	305,18
Transport insurance	315,36
Tariff	278,96
Valencia-Warehouse Transportation	30
Total import cost	2971,17
<b>A Unit import cost</b>	<b>1,98 €</b>

	€/ut
<b>B Shipping cost</b>	<b>3,84 €</b>
<b>C Packaging cost</b>	<b>0,32 €</b>

<b>Product unit cost (A + B + C)</b>	<b>6,1 €</b>
--------------------------------------	--------------

Picture 16: Obtaining the unit cost (Appendix 2). Source: self-made.

Once the unit cost of the product is known, the variable costs can be estimated based on the units sold, as well as the fixed ones.



For this, a monthly estimate is made for the first three years of the business, starting the activity in January (see Appendix 1).

EXPENSES YEAR 1		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year
2.1	Warehouse rental	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	300,00 €	3.600,00 €
2.2	Supplies (electricity, water, telephone)	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	240,00 €
2.3	Web maintenance and repairs	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	100,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	100,00 €
2.4	Licenses programs and web domain	150,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	150,00 €
2.5	Insurance	300,00 €												300,00 €
2.6	Management and external services	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	120,00 €	1.440,00 €
2.7	Wages and salaries	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
2.8	Social Security fees	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
2.9	Company partner salaries	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	1.100,00 €	13.200,00 €
2.10	Freelance social security fees	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	58,00 €	696,00 €
2.11	Advertising	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	50,00 €	600,00 €
2.12	Amortization	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	35,00 €	420,00 €
2.13	<b>Total Fixed Expenses</b>	<b>2.133,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.783,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>1.683,00 €</b>	<b>20.746,00 €</b>
2.14	Shipping cost	76,80 €	192,00 €	192,00 €	576,00 €	576,00 €	1.152,00 €	960,00 €	1.344,00 €	1.344,00 €	960,00 €	2.304,00 €	2.880,00 €	12.556,80 €
2.15	Packaging	6,33 €	15,82 €	15,82 €	47,45 €	47,45 €	94,90 €	79,09 €	110,72 €	110,72 €	79,09 €	189,80 €	237,26 €	1.034,43 €
2.16	Buy product	2.971,17 €						3.961,56 €						6.932,73 €
2.17	<b>Total variable expenses</b>	<b>3.054,30 €</b>	<b>207,82 €</b>	<b>207,82 €</b>	<b>623,45 €</b>	<b>623,45 €</b>	<b>1.246,90 €</b>	<b>5.000,64 €</b>	<b>1.454,72 €</b>	<b>1.454,72 €</b>	<b>1.039,09 €</b>	<b>2.493,80 €</b>	<b>3.117,26 €</b>	<b>20.523,96 €</b>
2.18	<b>TOTAL EXPENSES (2.13 + 2.16)</b>	<b>5.187,30 €</b>	<b>1.890,82 €</b>	<b>1.890,82 €</b>	<b>2.306,45 €</b>	<b>2.306,45 €</b>	<b>3.029,90 €</b>	<b>6.683,64 €</b>	<b>3.137,72 €</b>	<b>3.137,72 €</b>	<b>2.722,09 €</b>	<b>4.176,80 €</b>	<b>4.800,26 €</b>	<b>41.269,96 €</b>

Picture 17: Fixed and variable expenses of the first year. Source: self-made (see appendix 1).

The table above details typical expenses such as supplies, website maintenance, consulting or insurance. In this analysis, only the partner's salary is considered since originally the company is managed by one person. Possible future wages are contemplated.

To obtain amortization, the initial outlay on furniture and equipment is taken into account: shelves, tables, office supplies, computer, printer... For which an estimated useful life of 5 years is estimated:

Inmobilized material	
2.100,00 €	
Annual amortization	Amortization time
420,00 €	5 YEARS

Linear method

Picture 18: Amortization of property, plant and equipment at 5 years. Source: self-made (see appendix 1).

Regarding the freelance fee, the bonus for new freelancers is included, for which 58€ is paid monthly during the first year. For the forecast of the following years the fee amounts to 180€ as established by law.



To make the financial forecasts it is important to consider the legal figure that the project adopts, the simplest figure for the start is that of the freelance. The project is based on starting the activity as a freelancer and ending as a sole proprietorship (SLU). That is why it seeks to comply with the conditions established in Law 2/95 of March 23 and Royal Legislative Decree 1/2010. This legal figure provides greater independence from a limited company or corporation, simpler procedures and a lower cost of incorporation.

The transition from freelance to SLU is foreseen due to the responsibility of the owner, since, when incorporating the company, the liability is limited to the capital contributed. So, in case of not supporting the project, the owner does not put his personal finances at stake.

The difference, in addition to the responsibility, between being a freelance or creating an SLU is, on the one hand, the bonus that exists in the quota of freelancer when registering for the first time and the management costs that are usually higher in the SLU because the accounting required is more complex.

The cost of managing a company is estimated in the forecast of expenses as agency.

For advertising, in addition to the initial campaign, a budget of 50 euros per month has been estimated to be used for dissemination campaigns on Facebook and Instagram, with which it is hoped to obtain a greater reach of publications and reach a specific audience that agrees with the Cornerstone customer profile.

To obtain the variable costs, the sales forecast made for the first 3 years has been taken into account.

To prepare this forecast, the target audience, the scope of the survey carried out, the sales of the competition and the logical evolution of the business based on marketing campaigns and the progressive positioning of the brand are taken into account.

To analyse income, both sources must be considered. On the one hand, the sale to individuals at the retail price, on the other hand, the wholesale in which the buyer is a company that includes the product in its physical points of sale. In the latter case, a minimum order of 50 units is established to take advantage of the reduced price. In this way Cornerstone obtains a greater number of sales and brand reach and the company obtains the margin that exists between the wholesale price and the final price.



The following table (see Appendix 1) details, by month, both the number of units sold to each subgroup, the sale price, the cost of the product and the totals. This analysis is also performed for the first 3 years.

BUSINESS LINES	YEAR 1	MONTHS	JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE			JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER			TOTAL GROSS INCOME	TOTAL UTS SOLD
			Unit Cost	Unit Sale Price	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue	Sold units	Cost of units sold	Sales revenue						
Sales to individuals	6.1	26	20.00	122.74	400.00	50.00	306.86	1000.00	50.00	306.86	1000.00	100.00	613.71	2000.00	150.00	920.57	3000.00	200.00	1227.42	4000.00	200.00	1227.42	4000.00	300.00	1841.14	6000.00	250.00	1534.28	5000.00	200.00	1227.42	4000.00	400.00	2454.86	8000.00	500.00	3068.56	10000.00		
Sales to companies	6.1	15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	306.86	750.00	0.00	0.00	0.00	100.00	613.71	1500.00	50.00	306.86	750.00	50.00	306.86	750.00	100.00	613.71	1500.00	50.00	306.86	750.00	200.00	1227.42	3000.00	250.00	1534.28	3750.00		
<b>TOTAL</b>			<b>20.00</b>	<b>122.74</b>	<b>400.00</b>	<b>50.00</b>	<b>306.86</b>	<b>1000.00</b>	<b>50.00</b>	<b>306.86</b>	<b>1000.00</b>	<b>150.00</b>	<b>920.57</b>	<b>2750.00</b>	<b>150.00</b>	<b>920.57</b>	<b>3000.00</b>	<b>300.00</b>	<b>1841.14</b>	<b>5500.00</b>	<b>250.00</b>	<b>1534.28</b>	<b>4750.00</b>	<b>350.00</b>	<b>2147.99</b>	<b>6750.00</b>	<b>350.00</b>	<b>2147.99</b>	<b>6500.00</b>	<b>250.00</b>	<b>1534.28</b>	<b>4750.00</b>	<b>600.00</b>	<b>3682.27</b>	<b>11000.00</b>	<b>750.00</b>	<b>4602.84</b>	<b>13750.00</b>	<b>61.150,00 €</b>	<b>3270</b>

Minimum order companies = 500

Picture 19: Sales forecast. Source: self-made (see appendix 1)

The main source of income comes from sales to individuals, while sales to companies are expected to increase in the following years.

Once the unit cost of the product is known, a sales estimate is made and the pension costs are detailed; The social security profit and loss account is carried out, the structure provided by the General Accounting Plan for SMEs is used, due to the small structure of the company in terms of business volume and number of employees. This forecast is also made for the first three years.





The following table shows the comparison of each exercise.

<b>PROFIT AND LOSS ACCOUNT</b>	<b>X1</b>	<b>X2</b>	<b>X3</b>
<b>1. Net amount of turnover</b>	<b>61.150,00 €</b>	<b>93.290,00 €</b>	<b>104.150,00 €</b>
<b>4. Supplies</b>	<b>15.517,16 €</b>	<b>11.517,86 €</b>	<b>12.656,27 €</b>
Initial investment	7.550,00 €	- €	- €
Stock	7.967,16 €	11.517,86 €	12.656,27 €
<b>6. Personnel expenses</b>	<b>13.896,00 €</b>	<b>15.360,00 €</b>	<b>15.360,00 €</b>
Members salary	13.200,00 €	13.200,00 €	13.200,00 €
Freelance fee	696,00 €	2.160,00 €	2.160,00 €
<b>7. Other operating expenses</b>	<b>18.986,80 €</b>	<b>26.021,68 €</b>	<b>29.020,80 €</b>
Supplies	240,00 €	240,00 €	600,00 €
Web maintenance and repairs	100,00 €	100,00 €	100,00 €
Licenses programs and web domain	150,00 €	150,00 €	150,00 €
Insurance	300,00 €	300,00 €	350,00 €
Management and external services	1.440,00 €	1.440,00 €	1.440,00 €
Advertising	600,00 €	600,00 €	1.200,00 €
Transportation	12.556,80 €	19.591,68 €	21.580,80 €
Leases and fees	3.600,00 €	3.600,00 €	3.600,00 €
<b>8. Amortization of fixed assets</b>	<b>420,00 €</b>	<b>420,00 €</b>	<b>420,00 €</b>
<b>A) OPERATING PROFIT</b>	<b>12.330,04 €</b>	<b>39.970,46 €</b>	<b>46.692,93 €</b>
12. Financial income	- €	- €	- €
13. Financial expenses	- €	- €	- €
<b>B) FINANCIAL RESULT</b>	<b>12.330,04 €</b>	<b>39.970,46 €</b>	<b>46.692,93 €</b>
<b>C) RESULT BEFORE TAXES</b>	<b>12.330,04 €</b>	<b>39.970,46 €</b>	<b>46.692,93 €</b>
17. Income tax (15%-25%)	1.849,51 €	9.992,61 €	11.673,23 €
<b>D) RESULT OF THE YEAR</b>	<b>10.480,54 €</b>	<b>33.974,89 €</b>	<b>37.821,27 €</b>

Picture 20: Social Security Profit and Loss Account. Comparison by years. Source: self-made (see appendix 1)

This study gives rise to financial viability based on forecasts, on the one hand, the initial investment does not involve a large outlay and can be carried out through the contribution of the partners without the need to request external financing. The investment is expected to be recovered in a year and a half.

In addition, the fixed expenses are not very high for the volume of business that can be covered with the proposed structure. As the company expands, new hires will be made that allow having an exclusive department for each sub activity: import and shipping



logistics, marketing and web design, accounting and customer service. Until consolidating the company, it is developed as a self-employment.

The corporate tax to be taken into account to find the result for the year is 15% for the first year for new creation and 25% for subsequent ones.

In the balance it is integrated in the annual accounts of any company and shows the patrimonial situation of the company, both rights and obligations.

<b>BALANCE</b>			
<b>ASSET</b>		<b>LIABILITIE</b>	
A) NON-CURRENT ASSETS	3.420,00 €	A) NET EQUITY	29.356,54 €
<b>I. Intangible assets</b>	<b>300,00 €</b>	A-1) Own Funds	
(203) Web License	150,00 €	<b>I. Capital</b>	<b>15.000,00 €</b>
(206) Computer applications	150,00 €	(100) Social capital	15.000,00 €
<b>II. Immobilized material</b>	<b>2.100,00 €</b>	<b>VI. Other contributions</b>	<b>3.876,00 €</b>
(216) Furniture	600,00 €	(120) Remnant	3.876,00 €
(217) Equipment for information pro	1.500,00 €	<b>VII. Result of the</b>	<b>10.480,54 €</b>
<b>V. Long-term financial investments</b>	<b>1.020,00 €</b>	(129) Results for the	10.480,54 €
(260) Long-term bonds	600,00 €	B) NON-CURRENT	- €
(281) Accumulated depreciation of	420,00 €	<b>II. Long term debts</b>	- €
B) CURRENT ASSETS	26.636,54 €	(170) Debts with credit in	- €
<b>I. Stocks</b>	<b>456,00 €</b>	C) CURRENT LIABILITIES	700,00 €
(300) Merchandise	456,00 €	<b>II. Short term debts</b>	<b>700,00 €</b>
<b>SAW. Liquidity</b>	<b>26.180,54 €</b>	(400) Suppliers	500,00 €
(572) Bank	25.580,54 €	(410) Creditors for the	200,00 €
(430) Customers	600,00 €	provision of services	
<b>TOTAL</b>	<b>30.056,54 €</b>	<b>TOTAL</b>	<b>30.056,54 €</b>

Image 21: Social security balance. Source: self-made (see appendix 1)

The initial contribution made is 15,000€, with this amount we seek to cover the initial investment, the first order and have a remainder that allows the project to be put into operation. No funding is currently estimated.



<b>EBT</b>	12.330,04 €
<b>LIQUIDITY RATIO</b>	38,05
<b>ACID TEST</b>	37,40
<b>INDEBTEDNESS RATIO</b>	0,024
<b>DEBT RATIO</b>	0,023
<b>BREAKEVEN (ut)</b>	1031
<b>ECONOMIC PROFIT</b>	0,41
<b>FINANCIAL PROFIT</b>	0,36

Picture 22: Feasibility ratios for Cornerstone. Source: self-made (see appendix 1)

The liquidity ratio is very high, this is because the company does not foresee short-term debts beyond any supplier invoice. Therefore, the project asset is higher compared to the liability, which gives rise to this ratio.

$$\text{Liquidity Ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

The acid test measures liquidity based on debts, as in the previous ratio, a high result is obtained. However, it only indicates an excess of treasury, something common in a project that is started and needs resources, but the project is not less viable, on the contrary.

$$\text{Acid Test} = \frac{\text{Liquidity}}{\text{Current liabilities}}$$

The debt ratio represents external capital, that is, what percentage of the capital remains to be paid with respect to the Net Equity.

$$\text{Indebtedness Ratio} = \frac{\text{Liabilities}}{\text{Net Equity}}$$

The debt ratio is very similar, with the variation calculated based on the company's assets, the percentage of the asset financed with the liability.

$$\text{Debt Ratio} = \frac{\text{Liabilities}}{\text{Asset}}$$



The breakeven threshold measures the number of units that must be sold to cover fixed costs.

$$\text{Breakeven} = \frac{\text{Fixed Expenses}}{(\text{Sale Price} - \text{Product Cost})}$$

The economic profitability shows the remuneration of the assets that Cornerstone owns, an optimal result is observed. Measure gross profit based on asset.

$$\text{Economic Profit} = \frac{\text{Gross Profit}}{\text{Asset}}$$

The last ratio that has been calculated to corroborate the viability of the project and the status of the project according to the forecasts is the financial profitability, which measures the net profitability based on the assets of the company.

$$\text{Financial Profit} = \frac{\text{Net Profit}}{\text{Net Equity}}$$

The financial analysis confirms the possibility of obtaining positive returns from its creation, the forecasts based on the target audience, geographical area, competition, advertising and added value of the company are very useful when setting the course to follow and at start-up check the deviation from the forecast. In this way the company can be redirected to a good port.

In the sales forecast, which is the source of income for the project, initial sales of 20 units are assumed during the first month, this has been proven when developing the Minimum Viable Product (MVP), sales grow progressively until reaching 750 units in month 12. Throughout the first year, a total of 3,270 units are expected to be sold, of which 2,420 correspond to direct sales to the final consumer and 850 to sales through other physical points of sale (key associations). See Appendix 1.

It is established as a hypothesis that each unit sold corresponds to a different buyer, therefore, the audience reached during the first year is 3,270 people.

This represents 0.0545% of the target audience (6 million) analysed in section 3.1.4.3).

And it also represents 0.8335% of the average followers of Cornerstone's competitors (392,333), detailed in section 3.9).



As detailed in Appendix 1, sales forecasts grow progressively during year two and three. That allows a positive result during the three exercises.

## **5. CONCLUSIONS**

During the realization of this business plan oriented to a personal project, whose activity is the import and sale of fashion accessories such as necklaces and bracelets, he first learned the practices and the amount of administrative procedures that will carry out any type of import, this added to the lack of information regarding customs duties and security.

Living 3 months in China to analyse the market and select the products that I have helped, apart from knowing better the culture and the language, overcoming the commercial barriers that could exist. It is important to highlight that some of the barriers that prevent the implementation of more businesses dedicated to import and export are cultural ones, contracts are lost due to a lack of understanding, of form, of merchandise, etc.

On the other hand, I am passionate about entrepreneurship and it has motivated me to be able to carry out a tangible case, see the feasibility and be aware of everything that an entrepreneur can bring to society, in fact I think it is a vital objective for my power contribute my grain of sand through initiatives with which I can create employment and solve needs.

As for the financial aspect, contemplating the numerous fixed expenses that the basic operations of any company entail helps to put our feet on the ground and know precisely where we are going when we undertake, here is the importance of making forecasts and structuring from various angles the project before launching it. In this way, its viability can be ascertained without having to incur a large outlay that in the future will not cause any return.

Lastly, stressing the effectiveness of the Lean StartUp methodology and the Canvas model at the moment of expressing an idea or carrying out a first project, the script provided by the methodology helps to structure the ideas that we have in mind in such a way gradual and coherent, and gives rise to a subsequent analysis of the different points to implement the deficiencies that may arise.



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