



# **Final Business Plan**

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# Executive Summary

The creation of DonApp has been specifically set on helping the community around us. Our company's goal is to benefit society and curate a greater impact on assisting those in need. The team we have in place in being able to launch the app and become successful is comprised of determined/hardworking individuals that want to see a change within the City of Guelph and help the people who need us most. Matt, Brett, Stefania and Mateo have taken crucial roles within the company to startup DonApp and become the new age donation hub. The main objective is to reach out to the community and create an effortless process of making donations to the places in the city. Having an app will allow for information to be easily accessible and increase the number of donations to facilities in the area that need certain items. We will target the middle age population of families and individuals who are prospected to be the most inclined to take part in our app and to search for vulnerable people that need a bit of extra help in finding places to pass along items they no longer use. Donapp will have the majority of the market share as we are one of the first of its kind in the industry and will look to partner with those with the same mission as us rather than compete. Startup costs will be low as crowdfunding through local churches and organizations within the community want to assist in DonApp's success. With approximately \$37,000 in donations accumulated yearly in the City of Guelph, we can anticipate that this number will grow over time with more exposure and easier access for the community to get involved. With the growth of our business within Guelph and expansion into neighbouring cities as we become more established, the sky is the limit. Keeping operating costs low and expected donations to the business as well as to the community, there is little to no risk in this opportunity. Our team of professionals is bound to make the connections and market the business to the proper demographic. All of the legal requirements have been considered and are either in place currently or will be pursued in the correct matter in a timely manner. The establishment of DonApp is deemed to become a successful business in helping the community come together and fill the void in the donation sector.

## Description of the Management Team

Regarding the management team, Matt will be the CEO of the company. It will be the highest authority in the management and administrative direction of the company. Its mission will be to define with great precision the company's vision, purpose, and mission, to guide its daily activities. In addition, he will make decisions in short but, above all, in the medium and long term, such as future investments, possible acquisitions of other companies, product

diversification, and all internal organizational issues. One of the most critical roles that Matt will have is to create the corporation's organizational structure, taking into account the competition and the different external agents to gain new market shares.

On the other hand, Brett will be the CFO of the company. This means that he will be responsible for the economic and financial planning of the company, ensuring the correct operation and management of investment and financing. His primary duties within the company will be to carry out the projection, order, and control of investments, financing, and risks to maximize profits and avoid losses for the company. So Brett will have an overview of the entire organization's operation in its expenses, purchases, and contracts.

Steff will be the COO of the company. Working along with the CEO (Matt), Steff will provide support in strategic tasks. Likewise, it will be responsible for the optimal execution of the processes. To achieve this, she will manage the economic resources, facilities, and operations to obtain more remarkable performance. In addition, the work of Steff as COO will be essential to coordinate all the company's logistics since, with the donation distributors, there will be many operations to manage. Moreover, she will verify that each project has the necessary equipment and supplies to carry it out.

Finally, Mateo will be the product owner. Its primary mission will be to manage the product's life from the creation of its concept to its sale in the App Stores. His main job is to make all the decisions regarding the product, always ensuring that the main objective and the client's demands are respected. As a product owner, he will also worry about the team and achieving the goal they have set. Furthermore, other of his tasks will consist of planning all aspects of the product and maintaining the relationship with external collaborators.

## **Business Objectives**

The overall purpose of our company is to make a difference within our community and to expand our reach into neighbouring cities. The goal is to make an impact and assist all those in need of clothing by making it easier for people who are willing to donate. There is a void in the promotion and knowledge provided to the community as to what is needed from those who need donations the most. Our motive is to make it possible to widespread the necessary information to the public about which places in the community are involved in helping others. Being able to

make the transition in getting rid of unwanted clothing will allow for a more seamless process and benefit the community immensely. So many times, there are people that are just throwing things away when there are people in need and will use second-hand items.

Our specific objective is to increase the number of donations and help people in need. Making the process much more convenient will make the transaction possible for more people and raise awareness. This industry is not marketed enough to the public, and it is our mission to share with the community that there are people around them that need help. By connecting to churches, shelters and other places that accept donations, we will make sure the utility of donations is effectively managed.

In the first year, we will be strategically stationed throughout the city of Guelph and marketing to prospected donors in the community. We will build a large enough consumer base that we successfully make ends meet and hit the targets of requested donations. Within 5 years, we will have expanded throughout the province and tapped into major cities across Ontario, being known as the leading donation service provider. Our number of employees is expected to increase as deemed necessary for delivery services and marketing strategy in different cities but will be fully operational and effective with the team we currently have. We will be able to meet all of our goals with the commitment and drive that our company withholds.

## **Market Approach**

### **Target Market**

DonApp's target market is individuals from Guelph who want to show their support for the community. Our target market is between the ages of 18-40; students who attend the University of Guelph, couples who are settling in their new home, families that are raising their kids in the area, the church and community centers community. Our mission is to encourage people to rid their houses of unused clothes bought from whatever source in order to make room for the apparel of others who are less fortunate. Donating to a church has never been easier than with our app, and it will also inform users as to which church is in most need of their contributions. For example, facility 1 may need more sock donations than facility 2; this will be shown on the app to allow easy and effective donations by the community.

# External Constraints

## Competition

DonApps has three major competitors; Goodwill Donation Centers, other local thrift stores (DLR, Plato's closet and Vintage Instincts) and donation bins. Donation bins are extremely convenient as they are located in the back of most plazas, although there is no thought process involved with this method. Many people dump their unwanted junk, and most times, these donation bins overflow, and the majority of the items end up in a landfill. Our second-biggest competitors are the local thrift shops; like Plato's Closet, they provide monetary compensation for donated goods based on their condition, and their customers may use this cash to buy even more used goods. Our target market may be more prone to shop at these local thrift stores as they consist of unique and fashionable items at discounted prices. We're going to outdo the local thrift shops by stressing how much of a difference DonApp makes for those in need rather than how much money we can make off of markdowns. Goodwill is our biggest competitor, although we aim to work with them rather than work against them. They have already established customer loyalty and created a system that works for them, as they have been around since 1902. They currently have two locations in Guelph, and we plan on partnering up with them. Goodwill could introduce our app to their customers, allowing a separate donation bin for DonApp where consumers can check our app and see what locals in the community need, then drive to goodwill and drop it off in the correct bin.

## Social Trends

When looking at the state of the economy, we can see clothing prices for both sexes increased by 3.3 percent from August 2022 to September 2022, according to the Consumer Price Index (CPI). Over the course of only the last month, both the supply and demand for women's clothes have risen dramatically. Whether shopping in-store or online, women have been buying increasingly expensive items of clothes. Since Covid-19, there has been a dramatic increase in the popularity of online shopping due to the convenience it provides consumers with regards to making purchases from the privacy of their own homes and the fact that many retailers catering to women now offer special discounts on their merchandise through the internet. The more women are shopping, the more likely it is that they will want to make space in their closets for

their new purchases, which may be good news for our app. With the correct marketing, we can become the most popular donation app in Guelph and maybe even nationwide.

## Product Characteristics

DonApp will accept a wide variety of products; Clothes, shoes, furniture, holiday items, etc. As for the quality of items, we will accept all items as long as they do not have holes, rips, stains or come in broken.

## Channel of Distribution

Clothes will be distributed via a network of people who use the service, volunteers from local churches and homeless shelters, and paid employees who help move the clothing to its new location. The staff at the donation centres will hopefully pick up the garments when and where they said they would. The facilities will benefit from the donation, but the donor's willingness to make a journey to drop off the garments is not required. We will require a service to facilitate the exchange when none of the above is feasible (the donor is able or unable to transport the items to donation sites, and the church or homeless shelter does not have enough volunteers to process the donations). It will be necessary to employ people/volunteers who can serve as Uber drivers "on call."

## Promotional Objectives

Our app will be advertised by the church and individuals who attend the local church. Word of mouth from close friends and relatives will help us stand out more. We can use platforms and tools like Google Ads, Instagram Ads, and email marketing to raise brand awareness in the early stages of our business growth because they are relatively cheap and don't require long-term commitments or sunk costs. A significant advantage that Google Ads offers is that it allows us to measure the results obtained through the campaign and the return on investment. Google Ads will let us know the suitable ads, keywords, or initiatives that work, allowing us to optimize our campaign constantly. With an approximate investment of \$20, we could have between 500 and 900 clicks on our ads. With Instagram Ads, we'll be able to increase our engagement rate since Instagram is known for having both unique and sponsored ads with high interaction rates. With Instagram Ads, we can choose the age range, interests, habits, and more of the people we want to reach. We can be very flexible with how we advertise on Instagram,

and it doesn't cost too much. In our case, we would aim to reach 1,500-4,100 users at a price of \$20 daily. The use of email will be effective in creating a stronger relationship between the consumer and our company. Our goal is to connect with the churches and other local community centers that would allow us to access their email list. This would provide us with a list to contact probable prospects and engage with them, which will expand our reach within the target market. This will cost us between \$17-\$299 monthly pricing based on the number of contacts. Our main goal is to generate as much exposure as possible; we also believe that this will complement our word-of-mouth plan through the Church communities and the potential for fundraising and sponsor opportunities that way. Regarding the advertising budget, this could vary greatly from our digital marketing campaigns and their success. However, with all three digital marketing options included, we would be looking at a budget of around \$10,000. Additionally, we may visit the University of Guelph to spread the word about the app and provide students with a reason to support our organization over others by way of monetary contributions. Together with the University, we may run campaigns offering incentives like a 15 percent discount on textbooks if donors make their pledges during the first week of January.

## **Location**

### **Trading Area & Economic Base**

The trading area in which DonApp will do business is in the community of Guelph, Ontario. Guelph has a great economic base for agriculture and a mix of suburban and rural land. With increasing developments of condos, apartments, and attached housing, it has an upside for continued growth and economic stimulation. It also has churches and donation facilities like Goodwill and charitable thrift stores such as Salvation Army and St-Vincent De Paul that accept donations all throughout Guelph. Finally, there is a strong sense of community and volunteering.

### **Attitude Toward New Businesses**

Regarding the attitude towards new businesses, it has increasing developments in the south end with the entry of retail and food businesses. With that, implementing a service for pickup and/or dropoff within the community compliments the many other pickup/delivery services, such as Uber, SkiptheDishes and DoorDash, that are already commonly used and fully integrated into the city landscape.



## Competition

In terms of competition and levels of saturation, DonApp is relatively new and proprietary, aside from donation bins, thrift stores and Goodwill. While they are technically competitors, we see them as potential business partners to connect with and do the work for them (as an intermediary service).

The closest competitors to DonApp would be donation pickups such as Diabetes Canada and Kidney Clothes. They both offer donation pickup services in Ontario free of charge, as well as donation bins (except there are no donation bins for Kidney Clothes in Guelph; only GTA).

Other competitors with similar business models are ones like 1-888-I AM JUNK in the GTA, which removes old, unwanted household items. This is a helpful service; however, there is no aspect to donating the products, rather just waste disposal. In this case, it would be difficult to determine whether we are competing in the same market, not to mention Guelph is not part of the GTA.

With all of that, the market is not saturated, as it is almost untapped in Guelph. Even with the threat of other pickups and donation bins, we would look to work with them in directing people to their bins. In addition, our service would be more simple with less wait time for pickup (functioning similar to Uber but approximately 8 hours a day, while donation facilities are still operating).

With regard to our employed/volunteer drivers, they would serve all of Guelph and use their own vehicles and fuel. They may receive a small commission on the pickup and fuel surcharge (paid by DonApp) if needed in times of market/supply fluctuations.

## Physical Facilities

N/A

# Financial

## Feasibility Analysis

### Target Market and Trade Area

With a wide range of trade areas in Guelph, sitting at around 86 km, along with an extensive target market ranging from anyone willing to get rid of their unwanted items (clothes, products, even unperishable foods).

### Market Potential

With the population of Guelph being well over 135,000 and the value of donations in Ontario being around  $\$5,000,000,000/135,000 = \$37037$  in total Guelph donations (Statistics Canada, 2020).

### Market Share

With no direct or exclusive Guelph competitors, the startup can create a competitive advantage. Even with donation bins, they take up minimal space (only 7 from Diabetes Canada), and alternative pickup services take up only a few of the many properties and square footage in Guelph. There is limitless potential for our service, especially with repeated use. In this case, there would be close to 100% of the residential market share.

### Projected Income

#### Pro Forma Income Statement

| Income               | Without Donor Restrictions | With Donor Restrictions | Total  |
|----------------------|----------------------------|-------------------------|--------|
| Major Contributors   | 25,000                     |                         | 25,000 |
| Grants               |                            | 5,000                   | 5,000  |
| Crowd Funding        | 15,000                     |                         | 15,000 |
| Fundraising          |                            |                         |        |
| Administrative Fees  | 2,000                      |                         | 2,000  |
| Sponsorships         | 8,000                      |                         | 8,000  |
| User Fees (optional) | -                          |                         | -      |

|                             |             |            |        |
|-----------------------------|-------------|------------|--------|
| <b>Total Revenue</b>        | 50,000      | 5000       | 55,000 |
|                             |             |            |        |
| <b>Expense</b>              |             |            |        |
| Personnel                   | 20,000      |            | 20,000 |
| Fundraising Events          | 5,000       |            | 5,000  |
| App Development             | 20,000      |            | 20,000 |
| Marketing                   | 10,000      |            | 10,000 |
| Licences                    | -           |            | -      |
| <b>Total Expenses</b>       | 55,000      |            | 55,000 |
|                             |             |            |        |
| <b>Change in Net Assets</b> | -\$5,000.00 | \$5,000.00 | \$0.00 |

### Financing

The financing capital needed and expected based on demand and market potential would be roughly \$60,000 in the first year. This is based on \$25,000 coming from corporate and major donors, \$15,000 from crowdfunding, \$10,000 from the churches (fundraisers: admin and sponsor fees), as well as \$5,000 from Ontario grants.

### Sources of Funding

We will fund our business venture through crowdfunding. So, in this case, we will raise capital by allowing business and angel investors (i.e., major donors) to crowdfund our project for the benefit of society out of goodwill. An example of a platform we can utilize is "Equity Net," where we can launch our project funding page, briefing our investors on our startup business, funding goals, technology, and so on. This would allow us, along with our potential investors and business partners, a fully comprehensive space to collaborate together. In this case, however, we would not be able to give equity shares in the business as it is a nonprofit, and thus, there is no equity and only net assets (restricted and unrestricted by the donor). We could also utilize platforms such as "GoFundMe," which is a very simple and user-friendly platform to quickly receive donations and share with friends. There is also the potential to find government grants as a way of restricted donor assets. The "Social Enterprise Demonstration Fund" is an example of one that DonApp could be eligible for by providing a service to better social enterprises in Guelph (Ontario.ca, 2021). Finally, fundraisers and additional donations through the churches

will gain DonApp access to additional funds. This will partially be through sponsorships and helping cover our overhead or administrative costs.

## Bookkeeping system

There will be no employed bookkeeper on payroll, as that will be done by the startup owners (i.e., the CFO) through free accounting software such as NCH or Zoho Books.

## Financial Evaluation

There will be monthly, along with quarterly and annual financial statements prepared by the accounting software to evaluate the startup's financial position regularly. Financial ratios such as the expense ratios for admin and personnel, as well as government reliance and fundraising efficiency ratios.

## Personnel

The team is critical to building a viable, quality product in any technology company. Regarding the work team, Matt will be the CEO, Brett will be the CFO, Steff will be the COO, and Mateo will lead the product team. Concerning the work methodology, we will use the agile method to provide greater autonomy to the work teams. On the other hand, the organization of the work teams will consist of two Sr. Product Managers with experience working in the technology sector. Then four back-end and front-end Sr. Developers with experience in React Js, Swift, and Java. We will need a graphic designer since the Brand's image is essential. Everything that the Brand communicates (branding), values, sensations, everything "sells"; hence having good graphic designers in the team who are capable of transmitting the message(s) is vital. Moreover, we would need to hire a Communication specialist. They will be in charge, with his content writing team (copywriter), of preparing the texts (messages) that the app will present. The contents of a website are vital since, apart from writing "well," the person who registers the texts has to create them based on SEO precepts. Also, we will need to hire a usability and UX specialist. The specialist will focus on improving the user's browsing experience through the app. This profile will work back-to-back with the Graphic Designer and the Communication Specialist. Finally, as we mentioned earlier, we will need a front-end developer for the app. The Front-end engineer focuses on the interface and user experience; he will program the part that

"is seen" of the application. That is why he will work very closely with graphic designers. Furthermore, the back-end developers will manage the server, and unlike the front-ends, they focus on the data, how it is stored, processed, and ultimately what is not seen. Also, it would be good to hire a digital marketing specialist. This profile will help us position ourselves online, advising us through evaluation, optimization, and business development. This decision is mainly because for a digital project to achieve its set objectives and be profitable, it must have a defined marketing strategy oriented toward clear and realistic goals. Finally, we will need a team of 2 to 3 people to deal with customer service in case our customers have questions about the service or need assistance (in the medium-long term). *Many of these positions would be pursued as needed and for limited part-time/contract work so as to not increase our costs. The management team will also step into these roles where applicable.*

Finally, we will need volunteers dedicated to transporting donations from one point to another. This is a challenge since they will not have economic remuneration. But instead, they would have the chance to contribute and help the community. We trust that the Canadian community will be very helpful and willing to collaborate for a better world.

## Legal Requirements

For the legal requirements of creating DonApp, we need to acquire a business license. Registering our business as a non-profit organization with Service Ontario will be necessary to incorporate ourselves. This will be able to help us apply for startup grants and be eligible for tax relief, as our company's purpose is for the greater good of society. The license will be a fee that is tax deductible and is required for us to operate within any community. We will also need to obtain an IP (internet protocol) to allow for information to be sent between devices. This is a set of governing rules that we will follow, and it keeps track of the data that is going through our network. It will contain the location information and allow for devices to communicate through the app. Another legal requirement that we need to consider is the data stored throughout the app; we do not need to keep any personal data for analysis at any moment in the business process. We will ensure our consumers that their information is not shared or stored within the company as a disclaimer to them during the sign-up process. In having to disclose the location of the user, it will be made known to them that the only purpose of this is to connect to nearby donation areas and not to be stored as data.

We will need to file for a patent for the product to protect our idea and the way our app operates. This will ensure that we can minimize competition in the future and that we are the only app of our kind. Other procedures involved in creating our app will include; confidentiality agreements, intellectual property rights, jurisdiction, app store agreements, terms of use, privacy policy, and end-user-license-agreement (EULA). All of the above will be considered and thoroughly polished in order to abide by any and all laws in incorporating our business. We will be diligent in creating and reviewing all agreements/policies to ensure that DonApp is protected, and so are our users.

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