

# Business Plan for Pixel & Bits – Graphic Design

All of the comments in the following business plan are based on two friends - Lucas and Helene - who want to start a small graphic design business called Pixel & Bits.

Pixel & Bits is a company that is presented as a real company. It serves as an example of what a business plan for a service company that works in the service sector can look like.

You can find the template for this business plan at: [www.dynamicbusinessplan.com](http://www.dynamicbusinessplan.com)



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## BACKGROUND INFORMATION

### Name of owners:

Lukas Edward and Helene Waterfall  
Address: H.C. Andersen Street, 8200 Aarhus N  
Telephone 25 32 40 30  
Email Lukas@PixelandBits.com  
Helene@PixelandBits.com  
Date of birth Lukas E.: 03. 04. 1989  
Helene W.: 16. 09. 1990

### EDUCATIONAL BACKGROUND - Lukas Edward:

- 1 year master at School of Graphic and Communication
- 5 years at the higher technical school, School of Graphic and Communication

### Technical and vocational skills:

- Knowledge in Mac X Lion and Windows 7
- Knowledge in the programs Quark X-Press, Adobe Photoshop CS, Adobe Image Ready, Adobe InDesign, Adobe Illustrator, Macromedia Freehand MX, Dreamweaver, Flash MX, Digital Photography, Analog photography
- Lino printing, silk-screen printing
- Marketing knowledge

### Practical job experience:

- Working 2 months as a freelancer for AD Lab
- 1 year at the advertising agency Schaurhofer Marketing Communications
- Practical work at the advertising agency Lehninger & Partner
- Web design for the region Linz-Land, for a Photographer and Jongleur

### EDUCATIONAL BACKGROUND - Helene Waterfall.:

- 5 years at the higher technical school, Graphic and Communication

### Technical and vocational skills:

- Knowledge in the programs: Quark X-Press, Adobe Photoshop, Adobe Image Ready, Adobe InDesign, Adobe Illustrator, Macromedia Freehand MX, Macromedia Dreamweaver MX
- Digital Photography, Analog Photography, Lino printing, silk-screen printing

### Practical job experience:

- Working as a freelancer at AD Lab
- Working at the advertising agency Reichl und Smith
- Working at the advertising agency Image Profiler Media & Communications
- Contract work at the architects Riepl and at advertising agency Medias

- Web design for the region Linz-Land

## RESUME

We are two young graphic designers who are trying to start a small and creative agency here in the town of Aarhus. Our products are mainly based on designing and creating print and advertising materials, such as logo design, typography, design theory, art direction, ad design, web design, booth design, corporate design/corporate identity, layout, image processing, color management, pre-press, final draft, Illustration and Photography.

Firstly, we work together for three other companies as freelance graphic designers, where we get around 100 hours' of work every month. At the same time, we try and find our own customers, like small shops, stores, private people and small companies. We plan to find about three customers of our own per month.

We will initiate contact with customers by visiting them personally and leaving our business card at their desk. After 1 week we call or visit them again, but that really depends on how much time and work we get. On the internet we have our company philosophy, our works/references, and of course our contact information.

We offer customers an "All-in-One-Concept", which means we take care of all the things the customer needs for a good presentation of their business.

With our practical work experience, our knowledge and our technical and vocational skills, we offer the market the same product as a big agency does - but for a cheaper price.

"We make graphic design that everyone can afford. The price fits to the customer!"

We don't use much money for the start, so all the money we earn is more or less profit for our company. We don't need any money for funding our startup, as we already have everything required.

## BUSINESS CONCEPT

### **Sales presentation/ 15 second elevator pitch:**

We are two young graphic designers who have our own creative agency business. We offer all kinds of graphic design like logos, advertising material, folders, web sites, posters etc.

We offer customers an "All-in-One-Concept", which means we take care of all the things the customer needs for a good presentation of their business.

We always do our very best to satisfy our customers expectation for good graphical work, so we don't stop until the customer is satisfied.

Our prices are very fair – normally 10% less than bigger creative agencies.

Besides having our own business, we are working as freelancers for partner companies.

**Our line of business:**

- A graphic design agency, flexible, fast and cheap compared to the competitors, and which is affordable for everyone
- We offer customers an “All-in-One-Concept“, which means we take care of all the things the customer needs for a good presentation of their business

**We want to sell these products:**

Our products are designing and creating print and advertising material. e.g. logo design, typography, design theory, art direction, ad design, web design, booth design, corporate design/corporate identity, layout, image processing, color management, pre-press, final draft, illustration and photography

**Our customers are:**

- In the starting-period we will work together with three companies as graphic design freelancers
- Beside this, we will try to get orders from our own customers, like small shops, stores, private people and small companies

**We will find and get in contact with our customers this way:**

- By visiting the people personally, by leaving our business-card with telephone-number and web address. On the internet we present our company philosophy, our works, references and of course our contact information
- After one week we call or visit them again. We keep all the contacts in a database so we can contact them again at a later date

We always stay in contact with the companies we are working with

**We are different from our competitors in these ways:**

- With our practical work experience, our knowledge and our technical and vocational skills, we are on the same level as the biggest agency – but we are able to offer cheaper prices because of our low costs
- Our product is also affordable for private people who want start a new business
- We are more flexible and really take care of our clients, keeping in personal contact with them

**The three biggest resources we give our business:**

- Passion and engagement
- Graphic know how and practical experience
- Flexibility

## PERSONAL RESOURCES AND GOALS

We are very passionate about starting a business and we both have a graphical education and a few years of experience. We are both out of work, so we now have the time and opportunity to get started.

### **Economy:**

We don't have to use much money for the start of our company - we already have the computers and our creativity, and everything that we earn is our profit!

We don't need a graphical color printer or other stuff because two blocks away there is a great printing house with all the graphical gear one could ever need.

We live in a very cheap apartment so we do not have to earn a lot of money to survive – rent and food is our only expenses.

### **Know-how about the product:**

- 3 years of work experience,
- 5 years higher technical school for graphic design – well educated for this kind of work
- 3 known partners that will buy our services/hours
- Power and the will to do it!

### **Weak points in relation to the business:**

We know that we are good designers but we have not tried to sell to customers yet. We know we have to sell so we must overcome this this weakness.

### **Our working tasks in the business:**

Designing and creating print and web products, and also pre-press and finishing. We also take care of the contact between the printer and the customer.

### **Future prospects for business size:**

We don't want to become a big company, we want to stay small ( flexible and cheap). We want to make really creative work as freelancers for bigger agencies and also for our own clients. We don't want to have any other employees for the first few years.

## THE PRODUCT

### **The business has the following products:**

Our products are designing and creating print and advertising material:

- Logo design
- Typography
- Design theory
- Art direction,
- Ad-design
- Web design

- Booth-design
- Corporate design/corporate identity
- Layout
- Image processing
- Color management
- Pre-press
- Final draft
- Illustration and Photography

**Differences in products compared to competitors:**

- With our practical work experience, our knowledge and our technical and vocational skills, we are on the same level as the biggest agency – but we are able to offer cheaper prices because of our low costs
- We are more flexible because we are small
- We take care of our clients and keep close personal contact to them
- Our product is affordable for private people who for example want start a new business.

**Purchase frequency/product life span:**

If you satisfy a customer the customer will often come back to you whenever they have new work. It is therefore very important to nurse every customer and contact them regularly so that they will buy again. When a customer (person) moves to a new job, they often continue using the same graphical team.

**Calculation of product price:**

Our prices are based on hours of work – our own work – which means that the amount of a sale stays in our company.

The printing of brochures, business cards, flyers and other items must be ordered by the customer and the bill goes directly to the customer. We do it this way because then we will not have any losses if a customer cannot pay the bill. If the customer does not pay his bill we will only lose the hours we have worked for the customer and we don't have to pay for any external expenses.

**Our price:**

Our prices will always be 10% lower than prices from the bigger graphic houses. It will also depend on the type of the job, as our price always fits to the customer.

## THE MARKET

**The typical business customer:**

We only want to target business customers. The type of businesses will be:

- Advertising agencies
- Shops and stores
- Small companies

Size/staff: Companies with a size of 1-25 employees, but in practice it doesn't really matter

**Number of customers:**

We already have three business partners / advertising agencies that will use us as freelancers. Their names are:

- Krebs & Co
- Sq1 Agency
- Underground Ad

Beside the advertising agencies we try to get our own business customers. It would be great if we could get 3 new customers per month.

**Geographical limits:**

In your own country: We live in a town with 700.000 inhabitants so the businesses in this area will be our target group.

Foreign countries: We are both foreigners in this country so we might be able to get on-line customers from some contacts in our homeland.

**Average consumption in cash per customer:**

Advertising agencies buy "hours" from us. We have agreed that the three we have close contact to will, in total, buy 100 hours per month.

We do not have any business customers of our own yet, but we will focus on getting three new customers every month. We have estimated that one small business customer on average will use 20 hours of our time.

**Important competitors:**

All advertising agencies and other graphic design agencies in town are our competitors. e.g. Digital X Press, Recommended, Faktor X, JaHallo, Mindpeople, Openminded, Envision, Jom...

But there's a place for everyone!

**Important competitive parameters on the market:**

The major reasons for buying from a graphic agency are:

- Recommendation by somebody else
- Flexibility and easy to work with so the customer can change ideas in last moment
- Deliver on time
- A good price

**Assessment of the possibilities on the market:**

At the moment a lot of young people want to start their own business, and we are able to help those to get a good image within their market and help them to be successful.

We would like to help them grow, and also grow with them. We think that there is much work and many possibilities to keep our business running.

**Threats that may destroy the possibilities:**

We have a language problem because we are foreigners, but we are slowly and surely learning the language. We speak English with a strong German accent but we hope to appear OK.

Another threat is that we might not get any jobs, as maybe there's no work for freelancers at the moment and therefore we won't be able reach our goals to earn enough money per month.

## SALES & MARKETING

Sales and marketing activities from start:

### **Business cards:**

We make them our self, including the logo. We will not put our address on the card because we don't know our business address yet and it does not look professional to display our home address. It will only include the web site, telephone number and e-mail.

### **Internet:**

We make our own home page, and it must be operational the day we open our business. On the web site we will display our earlier works so customers can see if they like our style.

We think references from customers are important so we will approach one or two small businesses and offer them our service at no cost at all. In return, we will ask for a reference from the business owners that we can use on our web site.

### **Network**

At the moment we are known as people who work for others. As soon as we have our own business and a web site we will contact all the people we know and tell them we have our own business and let them know what we sell. We will look for people we know: family, friends, friends from school, former colleagues and anybody from our regular hobbies.

### **Customer visit:**

The only way we can get in contact with the small business owners are to look them up and knock on their doors. When we enter we will make our sales presentation and ask if they need "more sales in their business". Hopefully they will, and then we can discuss which services we can supply.

The business card will be used on every visit.

### **Telephone sales:**

Five days after the visit to the business owner we will call the owner again and follow up on our meeting. We will also note in our calendar that we must make a new follow up in six months time.

We have decided that we will develop a customer database of 50 potential customers, and we will call these every 6 month. In the end they will simply have to hire us for a job.

### **Advertising:**

We will possibly use a newspaper advert, but it depends on the price. We will not use this possibility to begin with.

### **Presentation material:**

We already have our web site and business cards. We are considering making a flyer explaining our different products to the small business owner.

- Publications: No
- Signposting: No
- Direct mail: no
- Trade Fair: No
- Opening market activity: No
- Press release: No – we are not that special

## MANAGEMENT & ORGANISATION

### Name of business:

#### Pixel & Bits

West Street 22  
 8200 Aarhus North  
 Tel: + 50 29 94 68,  
[info@PixelandBits.com](mailto:info@PixelandBits.com)  
[www.PixelandBits.com](http://www.PixelandBits.com)

### Legal status of business:

Pixel and Bits is going to be a Partnership with two owners:

- Lukas E.
- Helene W.

### Bank:

We opened a withdrawal account in the name of Pixel & Bits at Nordic Bank, 52 West Street branch.

### Business policies:

- Price policy: The price fits to the customer and will often be 10 % under any competitors.
- Discount policy: We are not expecting to do discounts after we have agreed the price.
- Method of payment: As soon the work is done we send out the bill and it must be paid within 14 days.  
 If Pixel & Bits manage printing or other external expenses, these expenses must be paid beforehand or paid directly by the customer to the external supplier.
- Guarantee service: No.
- Service: We follow up 5 days after delivery.
- Staff policy: No other staff, so no staff policy.

### Procedure for accountancy - and administrative routines:

We do not want to do the accounting our self. Helene's friend has promised to help us make the accounts so we fulfill the national requirements for proper accounting. There are only 2 people in the company and as such we will produce few invoices, meaning the costs are also minimal.

## FUTURE DEVELOPMENT

### **Business appearance in three years:**

We want to develop us to a small, established creative agency - maybe a bureau in combination with a shop, so people can come in from the street. We will be known for good graphic design work! We don't want to have any employees within the first three years.

### **Customers in three years:**

We want to keep those we have and grow with them while of course trying to gain new customers. We prefer to work with small businesses

### **Financial forecast for year three:**

Three years is a long way ahead to plan but we want to earn a decent amount of money. We are not planning to earn a lot of money but we will at least earn as much money as a high school teacher – or maybe even a bit more.

### **Other goals with your business:**

If we manage to find a premises for our bureau that can also work as a shop, we would like to sell art objects, such as t-shirts and clothes which are silk-screen-printed (among other creative things).

## BUDGETS

### Establishing Budget for Pixel & Bits

<b>Premises</b>	
Rent	0
Deposit for purchase of premises or business	0
Deposit (3 months' rent)	2.250
Goodwill	0
Furnishing and renovation	200
<b>Office fittings</b>	
Furniture (desk, swivel chair, shelves etc.)	0
Computer – new Mac but we might wait	2.000
Telephone	200
Copying machine	500
Other things:	0
<b>Marketing</b>	
Web site, business cards	100
Brochures	0
advertisement	0
Signposting	0
Opening reception	300
Other things	0
<b>Total costs</b>	<b>5.550</b>

<b>Operating budget – Year 1</b>	
	<b>12 month</b>
<b>Turnover</b>	
Design, logo and creativity	45.000
Web site incl. CMS system	37.000
Other	10.100
<b>Total</b>	<b>92.100</b>
<b>Variable Costs</b>	
Web CMS system - 40 % of sales	14.800
<b>Variable Costs</b>	<b>14.800</b>
<b>Gross Profit: (Turnover - Variable Costs)</b>	<b>77.300</b>
Contribution margin	84%
<b>Regular costs</b>	
Freelance help	9.500
Rent, electricity, heat, water	9.000
Car service/mileage allowance, travel	2.400
Office equipment	1.200
Mobile phone, internet	2.520
Marketing/web site etc.	3.600
Insurances	300
Computer equipment	0
Minor purchases	1.200
Accountant	700
Unsuspected costs 5% of costs	1.521
<b>Total Regular Costs</b>	<b>31.941</b>
<b>Net turnover (Gross Profit - Regular Costs)</b>	<b>45.359</b>

This business plan is built over a business that is constantly developing. Your business is dynamic so your existing business plan is only a snapshot of how it looks today. Tomorrow it may look different.

Lead your business to where you want it to go and try to make it blossom every day.