

A Business Plan for Anhui Xiongfeng Protection Facilities Co.,Ltd.

Taimiao Bi

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Author(s) Bi Taimiao			
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<p>Abstract</p> <p>The success of a business relies on a lot of factors such as the business nature, market change, place, financing ability and the business plan. There are both opportunities and risks in current complex business environment. Faced with the huge market demand, the enterprise has to have a good plan to set up objectives and to arrange its activities. A good business plan is a good roadmap and it can provide solutions in advance by analysing internal and external environment.</p> <p>The purpose of this paper is to make a business plan for Anhui Xiongfeng Protection Facilities Co.,Ltd. which is a small manufacturing company whose main business is protective facilities production. By studying what is a business plan this thesis introduces how to write a business plan with a real life case.</p> <p>This thesis is made up of two parts: the theoretical part and empirical part. The first part gives an overview of the business plan structure, contents and features, proving the theory basis for the business plan building process in the second part. This thesis gives information of Anhui Xiongfeng Protection Facilities Co.,Ltd. and analyses the internal and external environment of the business. This thesis also gives ideas on how to sustain and develop within the company.</p>			
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1 INTRODUCTION

This thesis is about how to make a business plan. It is made up by two parts, the theoretical part and empirical part. The target company is Anhui Xiongfeng Protection Facilities Co.,Ltd. which is a protective facility manufacturing company. The main products of the company are highway protection net, residential fence, stair railings, and so on. The predecessor Xiongfeng Wrought Iron Factory was established in 1999, the former products were iron window protection, balcony fence, and iron house doors. Now the company adopts new advanced technology, changing production way from traditional welding to hot galvanization, which is highly corrosion –resistant, security strength and easy to install.

This thesis starts from the introduction of business plan. In this part, it tells what a business plan is and how to make a business plan, including the business plan features and structures. It gives a full description of the main parts of the business plan. In the next part, the industry information is provided and the business field is described. The emphasis is put on the increasing market demand and competition analysis. After this part, the target company's internal and external environment of the industry is deeply analyzed and a SWOT analysis is given to explain the situation. Chinese small family enterprise is also mentioned in this part. It describes the current situation of small family enterprises and gives strength and weakness analysis and puts forward the suggestions for the development of this type business. The last part is the process of making a business plan for Anhui Xiongfeng Protection Facilities Co.,Ltd.. In this part, it presents the current situation of the company and makes a future development plan on the basis of that situation. The business plan includes strategic planning, marketing planning, operational planning, financial planning, and management planning and risk management. All the theoretical information is based on literature and online sources and the company information is collected by personal interview with managers in the company. The interviews were done by company visit and face to face conversation. This thesis aims to build a business plan for Anhui Xiongfeng Protection Facilities Co, Ltd as well as to analyze the process and principles of how to build a business plan.

2 BUSINESS PLAN

The common feature among successful businesses is that they have a great business idea and an entrepreneur who has a plan for turning the idea into reality. Business Plan is a document thoroughly explains a business idea and how it will be carried out. It describes the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement. (Mariotti&Glackin 2008, 27)

It will save time and money if you write a business plan early. (Mariotti&Glackin 2008, 31) While you work on your plan, you will also be figuring out how to make your business work. Making plan is able to help you to have a deep understand of the business, the product, the service, the market and the finance, you can figure out all of these pats in advance before you meet your customer or investor. The business plan will be the operational guide when you are doing business. The process of developing the plan will generate an increased clarity of vision, mission, and goals for the entire team. The financial and operational goals and measures, as well as mission and vision statements shown in the plan can motivate the team to excellence. (Mariotti&Glackin 2008, 31)

If your proposed venture is marginal at best, the business plan will show you why and may help you avoid paying the high tuition of business failure. It is far cheaper not to begin an ill-fainted business than to learn by experience what your business plan could have taught you at a cost of several hours of concentrated work.

----- by Joseph Mancuso

A business plan is essential to raise capital. A well-written business plan will show investors that you have carefully thought what you intended to do to make your business profitable. The more details you offer investors about how their money will be used, the more willing they will be to invest. Your plan should be so thoughtful and well written that the only question it raises in an investor's mind is: "How much can I invest?" (Mariotti&Glackin 2008, 31)

2.1 Business Plan Structure

There are several different templates for business plan. The content of the business plans can be varied from company to company. Business plan is a method to show the company so it should explain how this business is able to succeed with specified analysis

including important aspects. (Smith 2013, 56)

The exact items in a structure plan will vary from business to business but, broadly, they will be:

- Summery
- Business background
- The market
- Operations
- Management
- Financial background
- Risks

Executive Summary

A compelling and comprehensive executive summary is the “hook” that either reels the potential investors or loses their attention. It is vital that the reader fully understand the business concept and the purpose of the plan from the executive summary, or the rest of the plan is likely to remain unread. It should answer the who, what, when, why and how questions for the business.

The summary or statement should be no more than half a page in length and should touch upon the following key elements:

- Business concept describes the business, its product, the market it serves and the business' competitive advantage.
- Financial features include financial highlights, such as sales and profits.
- Financial requirements state how much capital is needed for start up or expansion, how it will be used and what collateral is available.
- Current business position furnishes relevant information about the company, its legal form of operation, when it was founded, the principal owners and key personnel.
- Major achievements points out anything noteworthy, such as patents, prototypes, important contracts regarding product development, or results from test marketing that have been conducted.(entrepreneur.com 2015)

Company Description

The business description usually begins with a short explanation of the industry. It is a outline of what your business is about and how you got here as well as the outlook of the future. Outline what this business is all about:

- What is it, what does it do?
- Where does it do it?
- How was it established and when?

- By whom?
- Why?
- Has it been successful and if not why not? (Finch 2010, 27)

Market Analysis

Market analysis focuses on market situation of products and services, what is the market basic situation, how is the trend of market's development in the future, market scale, competitors, target customer and purchasing power. (Wisteria 2013, 45)

Market structure should be clarified in this part. Are you just operating in national market or you are exploring international market. What's your market share and customer share of your company in the industry field? Or do you have planned to merge or form alliance to change the scale of your company.

Competitors are people who are intent to driving you out of business. They are important. Analyse both existing competitors and new entrants. Issues such as distribution, pricing, packaging and promotion as well as how strong the competitors are, are the determinants of success. (Finch 2010, 35)

Customer is another important part in market analysis. You have to know who your customers are and how you segment them to make sure if you have a stale market. You need to talk about the immediate market, the buyers as well as end users. (Finch 2010, 36)

Market developing trend is necessary to be discussed. A growing market makes it easier to expand sales while it tends to attract more competitors which lead to falling prices. New technology accelerates the extent of the market and strengthens the competitiveness. These are the elements need to be addressed in the plan.

Management and operations

The operations and management component of business plan is designed to describe how the business functions on a continuing basis. The operations plan highlights the logistics of the organization, such as the responsibilities of the management team, the

tasks assigned to each division within the company, and capital and expense requirements related to the operations of the business. (Entrepreneur 2015)

Financial Analysis

This part should demonstrate organizational viability in financial terms, including mainly sources and uses of capital, cash flow, balance sheet, income statement and breakeven and ratio analysis.

Risk Analysis

This part focuses on the risks may encounter in the business process and the way to deal with them.

2.2 Strategic Planning

Strategic management consists of managerial decisions and actions determining the long-term performance of a corporation. It determines which are the right things to do. It includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guides. (Wheelen&Hunger 2010, 53)

Mission

Mission is an organization's purpose or reason for the organization's existence. It tells what the company is providing to society. A well-conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its type and identifies the scope or domain of company's operations in terms of products or service offered and markets served. (Wheelen&Hunger 2010, 65)

Vision

The vision statement is about what the business's future will look like if the mission is achieved. So vision describes what the organization would like to become. (Wheelen&Hunger 2010, 65)

Goals

Goals establish where a corporation intends to go and tell when the corporation gets there. They help improve your overall effectiveness as a company. A goal is considered as an open-ended statement of what the company wants to accomplish, with no quantification of what is to be achieved and no time criteria for completion. (Wheelen&Hunger 2010, 65)

Objectives

Objectives are the end results of planned activities. It tells what is to be accomplished and should be quantified if possible. The achievement of corporate objectives should result in the fulfilment of a corporate's mission. (Wheelen&Hunger 2010, 66)

Strategy

A strategy of a corporation states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage. Usually a typical business firm consider three types of strategy: corporate, business and functional. Corporate strategy describes a company's overall direction in terms of its general attitude toward growth and the management of its various businesses and product line. Business strategy usually occurs at the business unit or product level, and it emphasizes improvement of the competitive position of a corporation's product or services in the specific industry or market segment served by that business unit. Functional strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. (Wheelen&Hunger 2010, 67)

2.3 Marketing Planning

The marketing and sales plan explains what your marketing strategy is, how you will execute it and how you will ultimately generate sales. The marketing plan will be a combination of four factors that form the core competency—product, price, promotion and place.

Product/ Service

The product or service should meet or create a consumer need. A good product/ service is required to meet consumers' technical needs as well as emotional demands. The product is defined by its physical attributes such as size, colour and shape, its performance characteristics such as speed, efficiency and durability, as well as its pricing, branding and delivery. People are buying the total bundle. (Mariotti&Glackin 2008, 133) Try to build a successful brand to let customers know and have confidence in the company. The product or service provided to customers should be high-quality and defined clearly. Making all the advertisements positive and informative and maintaining the highest ethical standards are essential to the brand.

Pricing

The product has to be priced low enough so the target customers will buy it and high enough for the business to make a profit. Price should reflect your vision, strategy and policy. It has to be right. A luxury item should not be set at a relatively low price, or it might not send the right message to target customers. Indicate any differences from the existing competition that may justify your pricing strategy. These might include quality, credit terms, warranty type and length, service and innovations. (Mariotti&Glackin 2008, 137)

Price is affected by the cost, special product characteristic, predicted sales volume, competitor pricing decisions and institutional factors and so on.

Promotion

Promotion aims to bring the product and company to the public's attention, to influence attitudes, to improve company image and to make sales. Promotion consists of advertising, publicity, and other promotional devices such as discount coupons or giveaways. The realizing channel might be magazines, letters, brochures, television, radio, videos, telephone and personal meetings. (Mariotti&Glackin 2008, 139)

Place

This is venue from which you will sell and distribute your product. Locate your selling place where consumers in your target market do their shopping. Several strategies such

as intensive distribution, selective distribution and exclusive distribution can be used by the marketer to complement the other aspects of the marketing mix.

2.4 Operation Planning

Depending upon what your business is, you need to explain how it operates. Not only can you correct the readers' misconception of how your industry works that might affect their appraisal of it, but how you propose to run the day-to-day business may be your competitive advantage, since you can show your difference to the readers from this.

Highlight the differences of the business. Less administrative burden could save your time and money; Flexible computer links and dedicated system with wholesalers could reduce staff time devoted to checking incoming and outgoing goods; reduced staff time allocated to buying stock could be available for customer service. All of these contribute to lower operating costs and to a more customer-centered approach.

Describe the operational process. The main processes include purchasing, stock control, manufacturing, product display and promotion, company management and expanding. It may be different from company to company, but you should emphasize the advantages versus competitors. (Finch 2010, 48)

Demonstrate controls. The investors pay high attention to your ability to deal with things when they go wrong. You should show you have the knowledge, the system and the skill to control the level of the business. You may discuss issues such as how stock levels would be controlled to ensure they did not build too high, swallowing working capital; how to ensure that the stock was the right stock and how staff overtime would be monitored and maintained within budget levels. (Finch 2010, 50)

Show your experience. You need to show your experience in order to provide evidence that you can run the business you are describing. It is necessary for you to be convincing about knowing how to run the business on a day to day basis of you are going into a completely new business area. (Finch 2010, 52)

Physical Location/Facilities

The description of physical location and the reason to choose the place is necessary to be included in business plan. Local wage rate and community support, geographic proximity to customers and suppliers may be essential location factors.

The facilities that are required for the success of the enterprise should be discussed in sufficient detail. Provide details of the building according to its type and size. Also describe the production, warehouse, showroom and office place if you are required. State whether you own or lease the property and provide the terms of the mortgage or lease. Present the payment terms such as the length of the term, monthly payment, whether you can sublet the terms of early termination clause. (Invetopedia, 2015)

Inventory, Production

The production methods and inventory control system are critical to your organization's success. The business plan is an opportunity to set inventory control system, production process and quality assurance methods.

Give clear information about your supplier. Describe who and how your supplier is, and do you have multiple options or you are beholden to a single supplier, which may subject you to shortages and give you little power to bargain. State the established terms with your suppliers, the payment terms and the credit extend.

Explaining how you manage your inventory is also important. Too much inventory will bring a waste of money; too little inventory may lose sales. Keeping a good relationship with suppliers can ensure supply and help manage your inventory effectively.

Management Team

The management team is often the deciding factor for financial support of a business. Moreover, with all other factors being equal, a strong management team will be successful and a weak one will fail. The team must be composed of an effective balance of members with technical expertise, experience in the field and life experience.

A good management team can "make it" in a poor market or a decline industry but a weak team won't survive even in a boom market.

---- *Venture capitalist*

Give a brief background on each of the top management team. For each person, give their age, relevant academic or professional qualifications, experience in the industry.

Operational, technical, financial and marketing skills are generally involved and required in running business or organization. A plan should explain how each of these is met. If your proposal requires a heavy reliance on public relations and advertisement skills then

you should explain in your plan that will take this task and give more details. (Finch 2010, 60)

2.5 Financial Planning

The financial section of the business plan will be the numeric representation of all that you wrote previously. This section should demonstrate organizational viability in financial terms.

Sources and uses of capital

This section is the numeric representation of the start-up cost, plus a verbal description of capital requirements. It states where you expect to obtain your financial support and how you will use the funds.

Cash flow

The cash flow is the movement into or out of a business over a specific period, representing the operating activities of an organization. Cash inflows often arise from one of three activities – operations, financing or investing. In personal finance business, cash flows are essential to solvency. They can be presented as records of some activities happened in the past or forecast of future, representing what a business or a person expects to take in and to spend. (Mariotti&Glackin 2008)

Income statement

An income statement or profit and loss statement summarizes revenues and expense activity over a specific period, such as a month, or year and shows net profit or loss. Revenues are company's sales or other sources of income. Expenses may include items like the cost of goods sold, taxes and interest, and payroll. (Mariotti&Glackin 2008)

Balance sheet

The balance sheet will provide snapshots of your business at specific points in time, such as the last day of a month, quarter, or year. Balance sheet show the business's asset, liabilities, and net worth or owner's equity. These statements provide insights into your financing strategy and overall business health.

2.6 Risk Management

Risk management is a process of determining what risks exist in an investment and then handling those risks in a way best-suited to objectives. In the financial world, risk management occurs everywhere. Inadequate risk management can result in severe consequence for companies and individuals.

We often need to consider risk management when planning forecast part. Risk analysis should be started after the business plan explains the new opinions. It does not mean to give bad impression to the readers, but to persuade them that this business plan is trustworthy because every business has its risks. In fact, no partners or shareholders will believe that business plan if you say it is with no risk. But you need to explain how to deal with the worries and possible risks from reader's point of view. To some extent, it may increase the reliability of business plan. (Jeynes 2002, 108)

There are general four types of risks in business: that sales are low; that margins are low, that costs are high; that a major operational problem occurs. (Finch 2010, 109)

There are several ways to deal with risks. For instance, you can demonstrate that the probability of something happening is small; you can show the impact of the event would not seriously damage the business; you can also explain your response to adverse circumstance. (Finch 2010, 109)

Management of sales and margin

You should focus on discussing the risk of getting sales or margins wrong. What could happen and what would the impact be? Always state what you would do to avoid the even occurring and to deal with it if it occurred. Low margins, for example, might be addressed by targeted promotional activity, reconsidering the sales mix or raising prices. (Finch 2010, 109)

Management of operational problem

The major operational risks are problems like failing to get planning consent, losing your main supplier or fundamental breakdown in your production process. As far as possible you must address these issues by showing that you have permits or contracts in place, that you have alternative sources of supply or that you can deal with a breakdown in production, albeit at some cost. (Finch 2010, 109)

3 BUSINESS ENVIRONMENT DESCRIPTION OF CASE COMPANY

3.1 Market Demand

Urbanization in China

The development of Chinese economy has slowed down in recent years, thus, the domestic construction industry is also slowing down to a large extent, leading to a sales decline of protection facility production in related industries. But as the new Chinese government issued a series of policies, China's urbanization will increase the pace forward. The core of urbanization is the combination of demographic changes of employment structure, the transformation process of economic structure and urban spaces community structure. The essential feature of urbanization is mainly reflected in three aspects: first is the conversion of the rural population in geographic space; the second is the gather of non-agricultural industry to urban area; the third is the labour force transfer from agricultural non-agricultural industry. To achieve the goal of urbanization, there will be a great market in infrastructure construction and real estate industry in the coming period, which will lead to a huge market demand in protection facilities production in related industries.

Development of Transportation

Highway and Railway

It was released by the government work report that in the end of year 2014, Chinese highway mileage has exceeded 110,000 kilometres, surpassed American to be number one in the world. However, the per capita consumption is far less compared to Chinese economy growth. With the rapid economic development, we still have a great demand of highway construction. (Chinese Government Report, 2014)

In the Twelfth Five Year Plan, China will have the national highway network reaching to a total mileage of around 14 million kilometres. While the highway construction needs huge quantity protection net. (Twelfth Five Year Plan , 2011)

In 2013, the Ministry of Science and Technology of China issued "The Twelfth Five Year Plan of High-speed Railway Technology Development". It is noted in the plan that China will build 16,000 kilometres of high-speed rail by 2020. By then, the total mileage of China's high-speed railway will be the first in the world. Construction of the railway project also requires a huge quantity of protective equipment. (The Twelfth Five Year Plan of High-speed Railway Technology Development , 2013)

Airline industry

With the number of 502 airports, China ranked world's top 15 in year 2010. Comparing to the world's number one America, with the number of 15,079 airports, China owns the non-compliant airports to its population; there is a considerable gap between China and America. (Chinese Government Report, 2014) In the Twelfth Five-Year Plan promulgated by Chinese government, the main indicators regarding to civil aviation development in 2010 show that there were 175 civil transport airports nationwide and plan to increase the civil transport airport with a number to 230 till 2015. (Twelfth Five Year Plan , 2011)

These data show that China will continue to develop civil transport airports in the coming period. With Chinese economic growth, the income of Chinese people increases, along with the decline of fly ticket prices, the number of people who choose airplane flight to travel will accelerate, which will lead to a sharp increase in airports around China.

Situation of Real Estate Industry

The current development of China's real estate industry is slowing down, but this does not affect the continuing pace of real estate industry to move forward. The data show that in 2012 the National Bureau of Statistics released the country's economic and social development site statistics, till the end of 2011, the total population of mainland China is 13.4735 billion, reaching an increase of more than 628.2 million in 2002 with an average annual growth of 0.53%. In 2011, China's birth rate was 11.93 ‰, dropped 0.93 per thousand points higher than in 2002. The proportion of urban population reached 51.27 per cent, 12.18 percentage points higher than in 2002. According to the urban-rural structure, Chinese urbanization rate continues to rise. In 2011, it exceeded 50%. Chinese urban resident population is 749 million at the end of 2014, accounting for 54.77% of the total population, an increase of 18 million over previous year. While the population of rural resident is 618.7 million, was reduced about 11 million. (National Bureau of Statistics , 2012)

With the deepening of urbanization in China, the urban population needs to reach 70% of the total population and needs a large number of rural to urban migration if the country wants to realize moderation, to achieve the goal of being a moderately developed country in a founding century. So the national policy objectives show that the real estate industries will have a huge demand of market, it means that the protection facilities production such as balcony railing, balcony guardrail, windows and air conditioning rack series will also have a potential market.

West Development Program and Government Policy

In order to achieve a balanced development of east and west area, the Chinese government launched an important strategic plan. West Development Program has been planned for 50 years in three stages: the foundation phase (2001-2010), the accelerating phase (2011-2030 , the modern period (2031-2050).

(West Development Program , 2000)

The Western Development Program is currently in the stage of accelerating phase. It was pointed out by the central government that to develop the whole area of western China, the infrastructure construction is needed to speed up firstly. The state will invest more into the western region in this stage. A series of roads, railways, airports are started to be built. Infrastructure has a huge demand for protection facilities. With the gradual improvement of infrastructure in western region, the urbanization will inevitable accelerate, which will bring about the increase of urban population, leading to the development of the real estate industry, thus bring the market for the protection facility products. (West Development Program , 2000)

This year is a crucial year in Yunnan highway construction, the transport sector will ensure that the 9 highway to be open to traffic by the end of year, achieving highway mileage of 4000 km and ensure the completion of highway construction investment of 42 billion RMB. In 2015 Guizhou transport sector will ensure the completion of highway and waterway fixed assets investment to be 13 billion RMB, and strive to 135 billion RMB, an increase of 13.9%. It is decided that there will be built more than 1100 km highway, traffic mileage of 5100 km, achieving highway to 88 counties(cities, districts) in Guizhou Province. And in 2015, Guizhou will build five new highways out of the province, eight national and provincial trunk highway passages out of the province, forming a 15-channel out of the province. Sichuan Expressway Banan is a total length of 208 km wide highway, with a total investment of 17.42 billion RMB, is expected to open to traffic in May 2016. And it is planned that Xinjiang highway mileage will reach 1,000 kilometres in this year. This year there are 21 on-going projects in Qinghai Highway and in the first half year will start the construction of new Beijing-Tibet highway. (West Development Program , 2000)

After the third meeting of the Twelfth National People's Congress, Premier Li mentioned in the press conference that the Chinese government would further streamline

administration and delegate power to lower levels. Approval procedures for SMEs will be greatly reduced, and the government will further encourage the self-employed enterprise.

And entrepreneurial process will become simple. The fact that there will be a huge market demand for the protection facilities production will stimulate the development of relevant companies. And the market competition will become more intense. Therefore, there will be higher requirement of the quality, the installation process and after-sale service of the product. Companies need to be constantly innovative, improving product quality and reduce manufacturing costs. (China baike 2014)

3.2 Industry competition

The fence industry derived from the early 1990s, as a mature industry in the United States and Europe, it has shown its greatly vitality after entering China. China has the biggest advantage of low labour costs, as an important factor in the cost structure; it has promoted the development of China's fence industry. The regions such as Anping of Hebei, Changzhou of Jiangsu represent guardrail production gathering in China. Early in the industry, the companies had old equipment, backward technology, low efficiency and low product quality. With the introduction of foreign technology, equipment, the overall industry level has been greatly improved. Reduce or abandon the traditional craft, replacing by galvanized pipe, steel, galvanized wire and other materials, the introduction of foreign advanced pre-processing, spraying equipment and technology has improved the corrosion resistance. Many manufacturers are getting out of control of foreign manufactures, they registered their own brand, focused on technology research and development, they have gradually reached the level of foreign industry in product functionality and quality and they devoted a lot effort in the product artistic styles and the fence products become more beautiful and elegant. The domestic market can be divided into two parts, new construction, expansion projects market and the old equipment maintenance, renovation project market. From two market point of view, there is a serious oversupply of ordinary fence. In addition, the enterprises suppress each other, disorderly competition, counterfeiting, forming an unstandardized market, resulting in successive years of substantial losses of some fence manufacturers in the fierce competition. (The Current Situation of Fence Industry, 2013)

Fence industry has a huge potential market in China, the country is accelerating the construction, and real estate and building industry are in rapid development, directly stimulating the rapid development of zinc steel fence industry. This means that there will be more and more companies entering this industry, competition will increase. With the

development and improvement of market economy, especially joining the WTO, the changes in the market are growing, businesses is affected by the market more than before, users demands on the market are increasing, the product development, and production cycles are getting shorter. (The Current Situation of Fence Industry, 2013) Such a competitive market requires that we continue to carry out industrial upgrading, and constantly improve the production process, to maximize the performance of the product, which is a great challenge for the nascent SMEs like Anhui Xiongfeng Protection Facilities Co.,Ltd..

Product Competition

There are three different products dominating the Protective equipment market, the main products are: stainless steel, aluminium, zinc steel.

Stainless steel is highly corrosive in the environment with widespread chloride ion, such as salt, sweat, sea water, sea wind and soil and so on. Stainless steel corrodes very quickly in the presence of chloride ions environment, even more quickly than the ordinary low carbon steel. Therefore, there are strict limits on the environment to use stainless steel products, and it requires frequent cleaning to remove dust, keep clean and dry. Stainless steel has features such as great toughness, high temperature strength, low thermal conductivity and cooling difficulties. If these features are not understood well, the process will not only be hard but also produce a lot of surface defaults, such as such as welded seam, rust, macular, scratches, burrs, thermal tempering after milling, annealing, normalizing, quenching, punching, forming and welding. These defects are not only unsightly but also will reduce its mechanical properties and chemical properties, damage the value of stainless steel products. Compared to the zinc steel products, the stainless steel has a distinct disadvantage on its cost and the installation process. So the stainless steel has been gradually replaced in the protection infrastructure field. (China Baike,2013)

Aluminium fence and zinc steel facilities are the most popular products in the market. Compared to the steel material, aluminium has higher cost, the cost is slightly higher than steel fence, and it is similar to the cost of traditional decorative wrought iron products and stainless steel products. (China Baike,2013)

Zinc steel fence is a good choice, which has high strength, no rust as well as a wide selection of colours.

To understand which is better, it depends on where it is used. On one hand, aluminium products are both practical and decorative; they can be used for façade fences of family homes, gardens, villas, businesses and municipalities buildings and parks. The products have strong corrosion resistance, high temperature resistance and excellent resistance to heat. And they have low basic requirements, long life use and environmental protection. Therefore, aluminium used as a decorative fence is really the only choice. On the other hand, the high building requires as strong fence, the zinc steel meets the requirement while the aluminium cannot. In terms of rust-proof, the zinc steel material has 20 year of rust-proof characteristic, not worse than aluminium products, while with greater intensity. Therefore, the zinc steel products are better than aluminium products in practice. (Aluminium Fence VS Galvanized Fence, 2014)

Currently the aluminium and galvanized steel protective equipment occupy the main market; they are the only two options in different target market. The aluminium takes account about 40% of the market, which is 10% larger than zinc steel products. But as galvanized steel, the zinc steel material fence has obvious advantages over other material fence with the unique product characteristics and a unique manufacturing process. It is the trend that galvanized steel fence will be extensive used and replacing the existing product in the future real estate and construction industry. Because of the low cost, easy installation and widely used features, galvanized steel will be able to quickly seize the city's market, and because the product market is still in the blank, it will be able to get very stable and great profit opportunities the development. (Aluminium Fence VS Galvanized Fence, 2014)

There are no welding, wire connections and Corner connection with aluminium fence. It has tight seamless node and it is secure, rich and beautiful fashion, and it does not rust and has long green-life quality. But its cost is relatively high, generally used only in city malls and upscale residential district hotel. Regarding our current market demand, a large number of urban infrastructure construction, general construction of residential quarters and the government a lot of low-rent housing need more cost effective protective equipment compared to the its decorative requirements. So the vast majority would choose galvanized steel. (Aluminium Fence VS Galvanized Fence, 2014)

Competition Analysis of Galvanized Steel Products

Competitive landscape of China's current fence industry brand is very unstable, except SATA and Stanley which occupy the position of leadership in high-end brands, other grades brand ranking is still unclear, which gives newcomers infinite opportunities. Due

to the low production costs and severe competition, most companies are relying on lower product prices to gain market, so that profits is very low, basically can only reach to maintain production, but hard to make money, leading to the low prices of products, low added value and low profits. Companies do not have sufficient funds to continue development. There is a huge demand of medium-grade products in current Chinese protective facilities market. Basically, the products can cover the market of second-tier, third-tier and forth-tier city, the use of monopoly chain model will have the basis of market demand. Therefore, in this brand confusion gap period, each enterprise has the opportunity to make great progress in the coming years. So if a company wants to enter the forefront of the market, the competition will be more intense. (The Current Situation of Fence Industry, 2013)

With the development of the domestic business sales channels in recent years, competition among enterprises is becoming fiercer. As fence companies, the easiest methods of competition, is the "price war." Because the price war is the most popular consumer marketing model, the consumers like it. Some fence companies are unable to form a superior brand and services so taking price war based promotional model has also become a major marketing tool among these relatively low-end of the fence business. (The Current Situation of Fence Industry, 2013)

Installation is one of the most important parts in fence industry. "The thirty per cent quality, seventy per cent installation" is used to describe the fence installation services. Installation plays a very big role during the presentation of the fence product value. Although companies are aware of the importance of fence installation services, however, few companies are willing to put more resources on the ability to enhance the service to install the fence. Fence companies are more willing to invest more in product development and manufacturing, brand building, channel development and the sales team. Many Fence enterprise installation service teams are mostly "stragglers", even many of them don't have own professional installation service teams. (The Current Situation of Fence Industry, 2013)

Fence industry is gradually entering into the consumer's perspective from Invisible brand. Price competition, imitation, OEM is just confined to a certain historical stage. With the development and competitiveness of industrial upgrading, the best choice of long-term development will be improving product technology content, having own patents, designs and focusing on brand building and marketing. (The Current Situation of Fence Industry, 2013)

Competition in Anqing Area

With the whole country to promote China's urbanization, as an important developing city of "Rise of Central China" program, Anqing city has promoted the economic development in all aspects. Real estate market has a huge demand with the speed up urban infrastructure construction; there is a huge demand for protection facilities in this region. There are roughly four to five companies producing protective equipment in Anqing area, but the extraneous products from other areas like Hefei and Lu'an occupy a big market. Regarding the manufacturers and the market situation, the competition is very fierce. At present, the technology to produce protective equipment of Jiangsu, Zhejiang and coastal areas is most technologically advanced. Currently on the market, the related business in Anqing has great competitive advantage in the city domestic market share. Cheap labour cost, short-distance transportation and local government policy give strong support for these enterprises. (China Baike, 2014)

Among the protective equipment production enterprise in in Anqing area, Anhui Xiongfeng Protection Facilities Co.,Ltd. is specialized in manufacturing protective facility products; other enterprises have a wide range of other products. For example Tongcheng Xincheng Co.,Ltd., the main business includes steel plant, prefabricated house, steel, colour plates and protective equipment. It has a comprehensive production line, relatively full qualification, more advanced technology and abundant financial resource. With its horizontal development strength, such an enterprise can provide more product choices for customers, so it has a considerable competitive edge. This is a challenge but also an opportunity for Anhui Xiongfeng Protection Facilities Co.,Ltd.. The enterprises like Xin Cheng, protective equipment is not the only selling products, the company's development efforts cannot be devoted into one aspect. As a full-time production of protective equipment business, Anhui Xiongfeng Protection Facilities Co.,Ltd. is available to reduce its price to a lowest lower by specially and professionally devoted production. Create its own reputation when faced the competition in market. As a small family business, Anhui Xiongfeng Protection Facilities Co.,Ltd. can compress its cost. Firstly, the labour is cheap; secondly, as many a family business, several job positions can be hold by one person; thirdly, production is highly motivated and strongly executed in small businesses; finally, as a full-time protection facilities manufacturing business, it can provide good after-sale service and excellent installation process. Therefore, the company has its own considerable competitive advantage in Anqing area. (China Baike, 2014)

Anhui Xiongfeng Protection Facilities Co.,Ltd. in Western Market

China's western development strategy has already implemented in the second phase, the demand for protection facilities production for development of urban infrastructure facilities in the western region is enormous. While the western region's economic strength and industrial technology generally lags behind, compared to the middle and eastern area, there are much fewer manufactures in western area. And because of terrain and climate conditions limits, the package, transportation and installation costs increase substantially, as well as greater risk, so most manufacturers do not put the focus on the western area. Protective equipment manufacturing enterprises in the western region are not sufficient to meet the huge market demand. Anhui Xiongfeng Protection Facilities Co.,Ltd. is planning to develop western market on the basis of ensuring the local Anqing region market. 2014, Xiongfeng Protection Facilities Co.,Ltd. tried the first time in western market in 2014, the company got a three million RMB order from Qinghai province

The company has sent staff several times to investigate the Western market to understand the local market as well as technical requirements, in order to timely adjust the company's production and marketing strategies for western market. The result of first trail into the western market is impressive. The company achieved its desired goal of 15% profit excepting the cost generated from package, remote transportation and personnel cost in Qinghai. The customer is very satisfied with the products and the services provided by the company. Compared to the relative oversupply market structure in middle and eastern area, the supply is much more insufficient in western market. If Xiongfeng Protection Facilities Co.,Ltd. is able to adjust its strategies to improve its technology and enter the western market according to the local environment and market demand, it can get a reasonable market share in western market.

4 BUSINESS PLAN FOR ANHUI XIONGFENG PROTECTION FACILITIES CO, LTD

4.1 Company Description

Anhui Xiongfeng Protection Facilities Co.,Ltd is a protection facility manufacturing company, established in the beginning of 2014. The main products are highway protection net, residential fence, stair railings, and so on. The company is located in Qianshan, Anhui Province. The predecessor Xiongfeng Wrought Iron Factory was established in 1999, the former products were iron window protection, balcony fence, and iron house doors. Now the company adopts new advanced technology, changing production way from traditional welding to hot galvanization, which is highly corrosion – resistant, security strength and easy to install. The big investment into advanced production equipment and labor makes the company very competitive in the field.

There are around 30 people in the company. The current main market of the company is the estate industry in local area and neighbour counties and cities and the future market is in the western China, where is in lower level urbanization. (Company Description, 2014)

Anhui Xiongfeng Protection Facilities Co.,Ltd. is a small size company which has high-concreted customer like construction company. The products are the main competitive tool; hot galvanizing products are replacing the traditional welding iron fence, rails and protective nets with the technical advantages. The company manufactures the products according to customers' required standard, exact size and format. The products are manufactured assembly, by professional assemblers after transporting to customers. Such a short supply chain helps to save logistics fee for the industry manufacturing company. There is a very potential market for the company, because galvanizing products are getting more and more popular among people and industry. The company is very likely to attain a high profit ratio once it could utilize the technology well. (Company Description, 2014)

Anhui Xiongfeng Protection Facilities Co.,Ltd. is located in industry zone of Qianshan, Anhui province. The company has 4000 square meters factory area, 3000 square meters warehouse and 300 square meters office space. The company adopts production line, with full machine equipped such as forcing press, punch, cutting machine, spraying machine and injection molding machine. (Company Description, 2014)

4.2 External and internal analysis

SWOT analysis is used to identify the key internal and external factors which are seen as important to achieve an objective. SWOT analysis can be divided into two groups:

1. internal factors – the *strengths* and *weaknesses* internal to the organization
2. external factors – the *opportunities* and *threats* presented by the environment external to the organization

Analysis views the internal factors as strengths or as weaknesses which will have great effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective. The factors may include all of the 4Ps, personnel, finance, manufacturing capabilities, and so on.

The external factors may include macroeconomic matters, technological change, legislation, and sociocultural changes, as well as changes in the marketplace or in competitive position. The results are often presented in the form of a matrix. (Definition of "SWOT" Analysis, 2013)

4.2.1 Internal strengths

Chinese market economy has operated for more than 30 years; the economy has gained considerable market development. As the main participants in market economy, China's enterprises have increased rapidly, especially the SMEs showing explosive quantity increases. There are currently 10,300,000 national business registrations (excluding 31.3 million individual business), according to the current criteria for the classification of SMEs estimates, there are up to 10.231 million SMEs, accounting for more than 99% of the total number of enterprises. The value of final goods and services created by SMEs is equivalent to about 60% of the total GDP; tax amounted to about 50% of total national tax revenue, providing nearly 80% of urban jobs. China's SMEs have become important players in China's market economy. (Research on SMEs, 2013)

Although it is hard to be self-employed, the Chinese entrepreneurs who show perseverance and hard-working spirit of entrepreneurship destined to have an advantage of Chinese-style which the countries cannot match. Chinese-style entrepreneurial path forged the Chinese and the world numerous Chinese SMEs, training a large number of new entrepreneurs. But with the continuous expansion of business scale, the vast majority of companies cannot escape the death cycle of management failures. (Research on SMEs, 2013) As emerging small business Anhui Xiongfeng Protection Facilities Co.,Ltd.. has the following competitive advantages.

Family Enterprise

Since the reform and opening up in China, the industry barriers to entry and competition threshold is quite low, there was a blank stage for many markets, the entrepreneur is no lack of opportunities, but what is needed is the courage to start. The vast majority of entrepreneurs start as partnership or family enterprise, which is in line with the traditional Chinese culture, but also at the lowest cost and fastest way to start forming alliances. Venture through the emotional bond group consisting of cohesion in the early stages of its core business performance is very strong. At the same time due to a better understanding of each other, entrepreneurial leaders demonstrated a relatively high level of trust for the team members, and kinship members will also determine its business as "own thing". They may don't have a relatively strong work ability but the enthusiasm and sense of responsibility of acting is stronger than ordinary staff recruited. (Characteristics of Family Enterprises, 2012) Anhui Xiongfeng Protection Facilities Co.,Ltd. is a family enterprise. The main investor is the president of the company who has 50% of the stock, and the vice president, marketing manager, manufacturing manager has 20%, 10% and 10% respectively, the rest 10% is invested by friends and other relatives. Spirit of collaboration and execution are very strong in overall team. The advantage of entrepreneurial team cohesion, execution ability and flexibility is obvious and cannot be completed by the general enterprises.

The Cost

Normally, the company's cost advantage comes from scale, large-scale procurement should be able to get relatively low purchase price, and it will have certain advantages when it is faced with the price competition in sales. However, this theory is not always applicable. Scale advantages may become price competitive advantage, but it could also entirely possible to become price competitive disadvantage in different market environments. Premise depends on the corresponding market access threshold. In the relatively high market access threshold (whether technical barriers to entry or scale or policy barriers to entry barriers), small entrepreneurs cannot get access to the market and they are unable to participate in market competition. In the market where are all large and medium-sized enterprises, the size of the business will have obvious advantages derived from product prices. However, in the market which has low barriers to entry, small entrepreneurs can be relatively free to enter. At this point more large-scale enterprises always have weaker price competitiveness. In this case, the advantages of purchasing cost brought by the large-scale procurement of large enterprises are difficult to bring the price advantage. Because the small scale enterprises have very low labour and fi cost compared to large companies. Small entrepreneurs usually take more than one position at the beginning, with minimal labour costs to get the maximum output. For example, a small business owner may be a director or even a part-time technician. This

is also involved with small sales and actual workload at the beginning of business development, so it is always capable for one person to take multiple working positions. The human cost amortized over the price of the product is very low. (Research on SMEs, 2013) There are five people in management level in Anhui Xiongfeng Protection Facilities Co.,Ltd. and most of them are shareholders of the company. The number of workers is around twenty and most of the workers are local unemployed persons and there are also three to five part-time workers, so the labour costs are low. The manufacturing factory is located in the local new industry zone; the head office is very close to the factory in a building which is shared with other companies within the industry zone. The new industry development zone was built up in the end of 2013, the government has encouraged the local enterprises to enter the industry zone to develop the local economy, following by the government policies which support the entrepreneurs, and all the new companies enjoyed the government support by first entering the zone. So the amortization of corporate office and rent costs of Anhui Xiongfeng Protection Facilities Co.,Ltd. is low.

The Efficiency

Anhui Xiongfeng Protection Facilities Co.,Ltd. is small entrepreneurial business; there is no middle management level. It is all under the direct command of the boss from sales to production, from technology to business operations, so the market feedback goes faster than in medium-sized enterprises. (Research on SMEs, 2013) Firstly, from the point of view of products and services, since the moment the product demand information reaches the company, the business owners will organize production and shipping, all the processes are operated under the command of business leaders, the advantages of a highly centralized power determines the speed advantage. Secondly, due to the pressure of their own survival and the desire for rapid development for entrepreneurial small businesses, Anhui Xiongfeng Protection Facilities Co.,Ltd. has high market feedback sensitivity on the new product and new information, it will constantly actively seeking new technology and new products, once proved, it will quickly operate to seize market opportunities, seek early development in new markets.

4.2.2 Weaknesses

Ability to Resist Risks

With the development of market economy, it has formed a buyer's market in most areas, and there is an increasingly competitive market. As small businesses, Anhui Xiongfeng Protection Facilities Co.,Ltd. is inferior to other large enterprises in using of economic resources, acquiring market information and seeking external support. At the same time, there are fewer production and operation barriers such as technology, capital and so on for small businesses to entry the field. So there are a lot of

companies similar to Xiongfeng Protection Facilities Co.,Ltd. entering the field and the competition is increasingly fierce. Thus, the SMEs are most probable to get serious impact when it occurs to financial crisis and market upheaval. Lower risk-resisting ability enables SMEs, especially the newly founded company to have a high failure rate. (Research on SMEs, 2013)

Funds

Since Anhui Xiongfeng Protection Facilities Co.,Ltd. is a newly founded small business, it don't have the capital strength, and there is insufficient collateral which matches the bank's requirements, leading to a general low credit rating, making it difficult to obtain bank loans. Compared to large enterprises, small business apply smaller loans, banks don't have the economic scale for small business loans, unit operating costs are relatively high, which undoubtedly reduced the enthusiasm of banks to provide financing to small businesses. In addition, a lot of small business obtained short-term benefits at the cost of damaging their own credit by owing interest, avoiding debt, escaping tax and other malicious behaviour, affecting the overall credit of small business image, further exacerbating the small business financing difficulty. (Highlights of Enterprise Financial Management, 2014)

Talent

Anhui Xiongfeng Protection Facilities Co.,Ltd. has a small number of employees; small enterprise always has less social influence. Compared to large enterprises, the company lack the advantage of attracting highly qualified personnel, resulting in a lower quality of staff, lack of management and technical personnel. Anhui Xiongfeng Protection Facilities Co.,Ltd. is a family business, corporate decision-making, management and important positions are usually hold by business owners and their family members, or close ones of enterprises. External talent has been excluded on some degree. . As a result, arbitrary decision-making, experience management are more common in the company. And the modern management, democratic management, strategic management are relatively scarce. (Characteristics of Family Enterprises, 2012)

4.2.3 External Factors

Government policy

After the third meeting of the Twelfth National People's Congress, Premier Li mentioned in the press conference that the Chinese government would further streamline

administration and delegate power to lower levels. Approval procedures for SMEs will be greatly reduced, and the government will further encourage the self-employed enterprise. And entrepreneurial process will become simple. The fact that there will be a huge market demand for the protection facilities production will stimulate the development of relevant companies. And the market competition will become more intense. Therefore, there will be higher requirement of the quality, the installation process and after-sale service of the product. Companies need to be constantly innovative, improving product quality and reduce manufacturing costs. (China baike 2014)

Economy

Thirty years since reform and opening up, China's economy has maintained an annual growth rate of more than 7%. Government work report pointed out that the main targets of this year's economic and social development are: 7% GDP growth, 3% consumer prices rose, 10 million more new urban jobs, the registered urban unemployment rate within 4.5%, import and export growth of around 6%, the basic balance of international payments, income growth and economic development simultaneously. Energy intensity fell more than 3.1 per cent, to continue to reduce emissions of major pollutants. With China's rapid economic growth, China is a country with a huge population deposits in the world, now and for a period in China's economy will still be maintained in the high-speed development. China is still in a great development and construction period, which will have a huge market for protective equipment. (The Full Text of the Government Work Report, 2015)

Social and Cultural

China is a country with a huge population, the implementation of birth control has slowed China's population growth. However, due to the relatively large population base in China, the growth continues. With the aging of the Chinese population structure occurs, the Chinese government began to relax a small part of the population policy. Large population demands greater real estate, thus there is larger demand for infrastructure construction. Chinese people's social attitudes that money is needed to saved and used to buy a house, which is the largest economic spending in most Chinese people's whole life. And the Chinese people are glad to buy a house as a kind of investment. With the reduce of the down payment of second real estate, the real estate industry will have a great development.

Technology

Anhui Xiongfeng Protection Facilities Co.,Ltd. has more than 15 year experience in protection facilities manufacturing field, the product designed for use has been constantly

updated, and the production process has been improved along these years. The company has relatively strong technical force and advanced equipment, manufacturing the products with the excellent abilities of corrosion-resistant, self-cleaning, good weather resistance, high strength installation, simple and stylish, easy to install and so on. Hot Galvanization products are replacement of traditional welding iron fences, rails and protective nets and other products. Currently this type of product is the most demanded and cost-effective by the market. But compared to large enterprises, Anhui Xiongfeng Protection Facilities Co.,Ltd. still has the technological gap, the large enterprises have a large number of personnel and the ability of continuous innovation.

4.3 Build The Business Plan for Anhui Xiongfeng Protection Facilities Co.,Ltd.

4.3.1 Strategic Planning

Mission

Anhui Xiongfeng Protection Facilities Co.,Ltd. is deeply committed to research, and constantly develops new products to meet market demand. The company insists the principle of "development through quality, survival by integrity ", and it has been committed to promoting the iron industry, to be more in line with the Habitat civilization and safe environmental development, sincerely work with the citizens to build a green safe home. The company has serious attitude towards work, and it is committed to integrity. The mission of Anhui Xiongfeng Protection Facilities Co.,Ltd. is respecting every requirement of customers and to be a responsible protection facility manufacturer, and to have a win-win result.

Vision

The company is relying on the national strategy of central China development; give full play to the area and quality advantages. It is professionally committed to the introduction of similar enterprises advanced technology and management experience, and continues to innovate and improve the overall strength, expands the market share. With the outstanding advantages of talent, technology, resources, information, Anhui Xiongfeng Protection Facilities Co.,Ltd. provides the clients with complete, high-quality services and products with strong market competitiveness, reducing costs for customers, improving market competitiveness. Anhui Xiongfeng Protection Facilities Co.,Ltd. aims to be the domestic first-class protection products supplier.

Objectives

Firstly, to improve the company's internal strength, to increase the introduction of talent. to constantly improve the company's level of management decision-making. Strengthen enterprise workers' professional skill, organize training for workers regularly (for example: sent them to the large enterprises in coastal areas for the short-term training), and improve the workers' level of business theoretical knowledge. Thereby enhancing the entire company team level. Secondly, the company's major workplaces and market is in Anqing area and surrounding counties, it pays efforts to occupy the local market. It can increase sales through the company's corporate propaganda, make pricing strategy, lower selling prices, improve service quality and increase service assurance, initially to create a regional market quality brand. Achieve the objective of 50 % sale growth in two years.

Goals

First of all, build a strong team. With the increase of business work, the company will gradually increase the introduction of talent and technology. To make the company's products be recognized in the market, and realize brand effect. Secondly, expand the market on the basis of stabilizing the local market. Increase investment in western market occupies (can build a factory in the western region, with its regional and labour advantages). Thirdly, increase the company's product variety (the same kinds of products with different appearance, increase product decorative design), to meet the needs of customers.

Strategy

The company adopts the most advanced manufacturing technology, the hot galvanized steel products have the futures such as corrosion resistant, anti-dirty performance and self-cleaning. And all the products are assembled patented design; they can be quickly and easily installed. The products are cost-effective. The company should increase its self-developed products which are designed and installed in accordance with the requirements of customers, ensuring the product quality while having a good decoration, to meet customer demand.

The company's location determines its lower lease cost and labour cost, with the support and protection of the local government, the production cost is greatly reduced. The company should increase investment in technology and continuous product innovation, providing the high quality products to customers with lower price.

The company is located in a small town, with emphasis on rural education for children, a large amount of skilled workers, such as the installation workers choose to have a job in

hometown, which makes the company have plenty of labour resources. But with the continuous improvement of production technology, competitiveness will be growing. So it is necessary to have continuous staff training, improving their working skills, keeping up with the needs of development. Also it is needed to improve the welfare of the staff, dining and accommodation conditions should be constantly improved, increasing wages annually, increasing employee enthusiasm and motivation to improve the company's productivity.

The current market environment is good while the competition is severely. Anhui Xiongfeng Protection Facilities Co.,Ltd. can fully use its advantages. Firstly, give full play to the advantages in personnel; enhance the entire entrepreneurial team cohesion, execution and flexibility. Secondly, give full play to the cost advantages, continue to reduce costs and enhance the competitiveness. Thirdly, enhance the efficiency advantages, continue to actively seek new technology and develop new products, and quickly operate to seize market opportunities, seek early development in new markets. Provide good after-sales services and ensure quality. Build the brand, make good credibility. Then fully prepared cost estimates and risk budget, to protect business development capital chain. Enhance the anti-risk capability. Finally, increase investment in personnel development, pay attention to the shortcomings of the family business, to prevent the closure of enterprises employing, and improve the acceptance of external talent. Study good corporate management experience, the implement modern management, democratic management and strategic management. With the development of enterprises, constantly improve the management level high for SMEs, and continuously improve the professional skills.

4.3.2 Marketing Planning

Market Situation

The main market of Anhui Xiongfeng Protection Facilities Co.,Ltd. is in Anqing region and the neighbour areas. From 2014, the company has operated well in the field and acquired its own market. There are about four to five companies producing protective equipment in Anqing area, but the extraneous products from other areas like Hefei and Lu'an occupy a big market. Regarding the manufacturers and the market situation, the competition is very fierce. Currently on the market, the related business in Anqing has great competitive advantage in the city domestic market share. Cheap labour cost, short-distance transportation and local government policy give strong support for these enterprises.

2014, Xiongfeng Protection Facilities Co.,Ltd. tried the first time in western market in 2014, the company got a three million RMB order from Qinghai province and got 15% profit, achieving the target profit. The company is still paying attention on the western market and looking for further opportunities to develop co-operation with companies there.

Objectives

Anhui Xiongfeng Protection Facilities Co.,Ltd. aims to have sale of 8500000 RMB in 2015. And create a good image and build a strong brand in local area in next two years.

Target group

Currently the main customers are real estate companies. The majority of the orders were done with real estate companies, which took 90% of the whole sales, the rest orders were from local households who built or fixed their villas and yards. The municipal sector could be the future target customer because there is a potential huge market demand for municipal guardrail. Municipal fence is in the middle of the road, preventing pedestrians and vehicles crossing the road. It is set up for the citizen's safety. It is mainly used for buffer zone, municipal engineering isolation and park, lawn, zoo, Pool Lake, roads in municipal construction.

Market operation

Firstly of all, investing into the product development is the basic requirement for Anhui Xiongfeng Protection Facilities Co.,Ltd.. Increase technology investment, commit to product quality control and research and development, and improve product artistry, assuring the product quality while meeting the customer's personal needs.

Secondly, Xiongfeng Company needs to build a strong brand to stabilize its market position. Competitive landscape of China's current fence industry brand is very unstable, except SATA and Stanley which occupy the position of leadership in high-end brands, other grades brand ranking is still unclear, which gives newcomers infinite opportunities. It is necessary for small enterprises to have a good reputation in the field. With the development of the domestic business sales channels in recent years, competition among enterprises is becoming fiercer. As fence companies, the easiest methods of competition, is the "price war." Because the price war is the most popular consumer marketing model, the consumers like it. Due to the low production costs and severe competition, most companies are relying on lower product prices to gain market, so that profits is very low, basically can only reach to maintain production, but hard to make money, leading to the low prices of products, low added value and low profits.

In order to avoid the price war and keep the profit, the company needs to build its own strong brand in the market. Develop a distinctive visual brand. Anhui Xiongfeng Protection Facilities Co.,Ltd. has got some reputation in local area because it has the same name as the former company and the investing company, and both of the companies have done very well in their fields. Anhui Xiongfeng Protection Facilities Co.,Ltd. has inherited the good social impression from two of the related companies. In order to keep the strength and make it more impressed to the public, the company needs to have a memorable logo. Create a set of consistent brand messages that focus on the qualities, values and experiences that customers associated with the business, products and services. The most important function of the protective facilities is assuring the safety of customers, so the company could send it out as its main spirit. Identify the customers' needs, satisfy them with high-quality products and provide them with in time after-sales service, collect feedback from customers and make improvement.

Thirdly, recruit skilled seller. Anhui Xiongfeng Protection Facilities Co.,Ltd. is a new company so there are not so many regular customers. Most of the important deals are done by visiting customers and negotiating with them. The company needs professional and skilled staff to get more orders.

Finally, fully use the social media. Manage its own company website, give full description of the company and its products, show its strength such as technology advantage and enterprise honour, update the product information and company event in time. Advertise on the popular social network software such as we chat and Sina Weibo, have an enterprise account, besides update all the important information on the internet, the company could also put the pictures of daily company production and staff life.

4.3.3 Operation planning

Technology and Products

Hot dip galvanized steel pipe is used to improve the corrosion resistance over the general steel pipe. Galvanized steel material is divided into two different types, hot galvanized and electro-galvanized. The electro-galvanized material has lower cost but the surface is not very smooth. Galvanized pipe is the iron alloy layer produced by the reaction among the molten matrix metal, thus combining the substrate and the cladding layer. Hot dip galvanized steel is made by firstly pickling the steel surface in order to remove iron oxide, after pickling, cleaning by a mixed aqueous solution of ammonium chloride bath or an aqueous solution of zinc chloride or ammonium chloride and zinc

chloride, and then putting into hot dip tank. Hot galvanized material has the advantage of coating uniformity, strong adhesion, and long life and so on. Hot dip galvanized steel substrate reacts with the molten bath through complicated physical, chemical reaction, forming the corrosion-resistant compact structure of zinc-iron alloy layers. Alloy layer and the pure zinc layer integrated into one steel substrate. So it has strong resistance to corrosion.

Adopting galvanized steel with surface electrostatic spraying assembled structure which is cost-effective and easy to install. It is the best alternative than stainless steel and aluminium balcony railing.

All the products are assembled design; they can be installed quickly and easily. There are four anti-corrosion treatments with the products, so they have more than a decade of life. Solving the problem of short time corrosion, chalking, fading, cracking and other issues with traditional products, bringing a significant reduction in the cost in product maintenance and updates.

It has good weather resistance, salt spray resistance and heat-resistant properties, suitable to use in different regions. And it is decorative and has many kinds of colours to meet different customer's demand for personalized products. Also it has good flexibility, steel pipe and steel fence is so flexible that the product has good impact properties. And it focuses on environmental protection. There is no pollution to the environment, solving the problems of ordinary products contaminated buildings.

It has electrostatic spraying surface, so that the fence product has good self-cleaning properties, rain erosion and water cannons spray can clean it as new. All the products have stainless steel security bolts; the anti-theft design improves the security.

Installation

The protective facilities produced by Xiongfeng Company are all in assembled structure and the company provides on-site installation services. Currently the company has an installation team of five people, providing installation service for all business in local area as well as long distance region. However, the installation in remote area cost too much with the company own installation team, including the transportation fee, accommodation cost, the dining cost and travelling allowance. In order to flexibly adapt the limits brought by the local climate and complex terrain, and make the company internal installation team dedicated to the local work to ensure the local stable market, the company could outsource installation services in remote region, looking for professional installation companies, developing some trusted partners in the main market to take the

installation work. From the beginning of 2015, the company should actively look for installation partner companies in the remote market. Provide the on-site installation and after-sales maintenance work with company internal team within the radius of two hundred kilometres. Use outsources service for remote business.

Staff arrangements

Xiongfeng Company provides accommodation and meals for employees. The staff dormitory is closed to the factory, just 3 to 5 minutes' walk, it is convenient for the employees to work and take a rest. The dormitory covers 1000 square meters, including single rooms and multi-person rooms. The accommodation environment is comfortable, every room is equipped with air conditioner and water fountain, and there are two public toilets in each floor. Xiongfeng Company offers three free meals a day for all the employees, with the standard of four dishes and one soup per meal, guaranteeing the nutrition and health of all staff in the company. The canteen staff are also family members, the dietary hygiene is strictly controlled. The company applies single day off working system, resting on Sunday every week. Working hour is 8:00am-11:30am, 1pm-5:30pm, with one and half hour lunch break every day. Generally workers don't work at night, if there are big amount of orders, then the company will arrange overtime work, and the company will provide overtime subsidies. Xiongfeng company is located in a small town, with increased attention on rural education for children, a large number of skilled workers, such as the installation people will choose to work in hometown, thus there will be more couples working in the company, and for the convenience of employees, the company could adjust the staff dormitory, increase the double rooms for the couples. There is mostly the physical work for the employees so the food should meet the standard. Xiongfeng Company could use the feedback system, analysing the food preference of the employees and providing a variety of food and beverage range.

Service and Support

Xiongfeng Company provides free fence design for residential areas, green courtyard, villas, exhibitions and urban boulevard, including the 3D renderings. Also the company provides professional and personalized project based on the actual needs of each customer, to help the customers have high standard of professional services with a lower cost. Xiongfeng is dedicated to attentive after-sale service, if there are any production and installation problems, it will replace the product and get it reinstalled. Because all the products are in assembled structure, in the future, the company could also provide long-term after-sales service, providing product components replacement and production, to ensure further needs of customers.

As a small protective facilities manufacturer, Xiongfeng Company should increase the introduction of talent. Xiongfeng company should establish a comprehensive system of personnel training, improve innovation capabilities. The product update and quality enhance is tightly involved with advanced technology and innovation. Xiongfeng should increase cooperation with large enterprises, further to learn and the introduce advanced technology and talent for enterprise.

4.3.4 Financial Planning

Table 1: Profit and Loss Account

Profit and Loss Account			Year 2014 ¥
Sales	7000000		
Variable cost	3457000		
Gross margin		3543000	
Fixed cost			
Wages and salaries	1100000		
Social security costs	50000		
Water expenses	6000		
Electricity expenses	36000		
Rent	330000		
other expenses	110000		
Depreciation	260000	1892000	
Operating profit/loss			1651000

The income statement shows in details the profit and loss in year 2014. The revenues come from selling the protection facilities products. In 2014, the company sold out 60000 meters protective products and the sales is about 7000000 RMB. The main orders were done with real estate companies, which took 90% of the whole sales, the rest orders were from local households who built or fixed their villas and yards.

There are many source of expenditure. Raw material purchasing is the biggest expenditure, and the staff salary is the second biggest. The annual fixed cost of Xiongfeng Company is 1892000 RMB.

$$\text{The break-even point, Sales} = \frac{\text{Fixed costs}}{\text{Contribution margin ratio}} \times 100 \quad (4.1)$$

$$\text{Contribution margin ratio} = 100 \times \frac{\text{Contribution margin}}{\text{Total sales}} \quad (4.2)$$

$$\text{Sales to result in Target profit} = \frac{(\text{Fixed costs} + \text{Target Profit}) \times \text{Sales price /unit}}{\text{Contribution/unit}} \quad (4.3)$$

The break-even point is the sales amount that covers the total fixed costs and variable costs at the particular volume of sales. The contribution margin ratio of Xiongfeng Company is 50.06%, in order to make 1892000, the company should make sales of 3738075, which makes up the 53.4% of the whole actual sales, thus making 3261925 safety margin and reaching 46.60% margin of safety ratio. The margin of safety is the amount by which the expected sales exceed break-even sales; a low ratio indicates greater risk.

In year 2015, the staff wages is estimated to increase by 10%, and the company has 50% more target profit than 2014, thus the company should make sale of 885000RMB.

4.3.5 Management Planning

Xiongfeng Company has a family management team, they have technology and rich experience in various influential positions of industrial production, marketing, information gathering, public relations and human relations.

Key management personnel include: CEO, Mr Zha , 45 year old, has 50% of the share of Xiongfeng company, is the largest shareholder of the company. He is experienced in small business management and has made outstanding achievements in highway safety net business. He is also the chairman of the predecessor Xiongfeng Wrought Iron Factory. He is currently operating several enterprises, including an investing company which gives great finance support to Xiongfeng Company. General Manager, Mr LI, 57 years old, has 10% of the share, he worked in local government for many years and has

experience working in the real estate company office, he has a very good understanding of government regulations and public relations, and he has made a great contribution on the company's establishment and financing. Marketing manager, Mr BI, 47 years old, has 10% share of the company, has been experienced in self-entrepreneurship for many years, switched from building cement mold production and sales to protective facilities production, he has many years of sales experience and a wide social connection. Financial management, Ms Xiong, the wife of CEO, 42 years old, has years of experience in accounting, she has worked with CEO in the investing company for many years. Production manager, Mr Xiong, 41 years old, has 10% share of the company, he has strong ability of production process, planning, organizing, directing, coordinating and controlling. He is the production manager of Predecessor Company for many years, together with the general manager, made a successful transformation of Xiongfeng Company.

An important feature of the family business is centralized decision-making, which may lead to president authoritarian. In this case, the family business success is depending on the president's information amount and knowledge. In small business, the president gets the information he needed through good relationship in the small social net, which is very effective. But after the expansion of the business scale, such a information system becomes insufficient, resulting information lack and arbitrary decision-making. This lack of standardized information system can only support small-scale cooperation, it cannot help the enterprise transfer into a rationale management system, which will make business incentives, competition and restraint mechanisms cannot be implemented, and make it more difficult to have a business process adjustment depending on the external changes in the strategic environment, bringing constant threats to the business. If Xiongfeng wants to continue the family business model and enlarge the scale to be successful business, it should build and improve the enterprise information system. Building up an information system covering the inventory, logistics, customer service, marketing, production and distribution, to have a full understand of the full process, so as to reduce the agency cost and transaction cost.

The majority of the management people are family members or friends, although many of them have years' experience of entrepreneurship and management, they are limited to small business and they don't have professional business management background. Therefore, Xiongfeng Company doesn't have a sound management system. Firstly, the company should provide professional training to existing managers to improve their professional management skills. Then recruit talent people and combine with the modern enterprise system to realize the enlargement of company scale.

4.3.6 Risk analysis

The key risks of our company's business are production and management risk and cash risk.

Production and management risk

Production and management risk is the earliest arrival risk among all business risks, but it is deeply hidden and hard to be detected and noticed by the entrepreneurs. The production management risk is the root of other risks in small business. Small business owners always pay too much attention on the product development, production and ignore their long-term development issues, such as unclear enterprise property rights, unstandardized management system, incomplete research of potential demand of market, inaccurate predictability for changing market trends, lack of management ability and no establishment of necessary financial accounts, etc. .

As a small family enterprise, Xiongfeng Company has some drawbacks on management issues. Most of the management staff in Xiongfeng Company is not received higher education and some of them don't have management experience. Therefore, Xiongfeng should increase investment for management staff. The company could organize regular university trainings for personnel; arrange tour to large enterprises to learn experience. On the aspect of the production technology, due to the company new realignment and introduction of new technology and equipment, staff in the company has limited operational experience, limited technical force and insufficient staff proficiency. All of these have limited the competitive advantage in the marketplace. Once on the market product technology updates quickly, Xiongfeng Company will bear the absolute disadvantage.

Firstly, Xiongfeng Company should manage the production objectives by making rigorous production plan and clarifying specific requirements during the production. Secondly, the company should organize the production factors so that all factors of production in the production process can be quickly and effectively combined and intergraded. Thirdly, manage the production process. It is advised to arrange the production according to the specific requirements in the existing plan. Finally, information management. The company should have a thorough understand of situation of each step, including the material consuming, time consuming, quality control and equipment inspection, indicate the production direction and react flexibly to the changes during the production process, preventing production risks.

Cash flow risk

Cash flow is the movement of money into or out of a business. It is usually measured during a specified, limited period of time.

Cash flow risk is the risk brought by the uncertainties existing in the cash cycle during the company production and operation process. Cash cycle goes through procurement, production, sales, and distribution and so on, each one could bring risk to the enterprise if there is any problem. The major reason of cash flow risk of Xiongfeng Company is low cash turnover rate. It is shown as the huge amount profit on the income statement while

the small even negative amount on the cash table. Due to the financial problem of the customers, the company's receivables cannot be collected by the agreed time, resulting in a delay of receivables, extending the accounts receivable turnover period accordingly. It will bring about serious consequence without sufficient cash. It will affect the company's profitability and solvency. Thus reducing the credit rating in market competition, finally leading to the enterprise cash flow problems, even goes bankrupt. Therefore, Xiongfeng Company should establish a sensitive information and early warning system. The managers should familiarize important indicators reflecting business operating and business capital situation, such as domestic and international economy situation, the industry developing trend, business assets and liabilities. Based on historical data and compare with companies in the same field, the company should determine a reasonable cordon. According to its business structure and operating characteristics, Xiongfeng Company should make a risk list. Determine the key links and establish key target risk control and develop appropriate manage options. Maintain appropriate reservation of human, material and financial resources to ensure effective response when the company is exposed on the risk, thus controlling and reducing the risk loss.

5 CONCLUSION

There are a lot of things need to be considered while running a business. A business plan is an essential roadmap for business success. If a business plan is well made and the activities planned are effectively implemented, it will do a lot of help in business operation. This business plan was made for Anhui Xiongfeng Protection Facilities Co.,Ltd., a protective equipment manufacturing company. The business plan consisted of two parts, the theoretical part and the empirical part. The first part was about how to make a business plan, which contained the general features and structure of a business plan. It introduced about strategic planning, operating planning, marketing plan and financial planning and risk analysis. The empirical part is planning for Anhui Xiongfeng Protection Facilities Co.,Ltd.. In the internal and external analysis, the company's strength, weakness, opportunity and threat were analysed. The business plan for the company is made up by six sections. The strategic plan expressed the mission, vision of the company, and set up the objective and goal for the company and made an overall strategy. The marketing plan made a main objective for the company and put forward the suggestion to achieve it. The operational plan was given from comprehensive aspects such as technology, product, installation, staff arrangements, schedule, service and support. The financial plan was based on the operational plan, which was made from the data collected from the company, including the capital, various cost, fixed cost and sales income. The management plan introduced the management team of the company, analysed the merits and demerits and gave suggestions for the future development. After management plan, the risk and risk management were analysed.

This business plan was written while Anhui Xiongfeng Protection Facilities Co.,Ltd. had been already operating for one year. The plan made for the case company is followed the basic structure of business plan. There exist limitations on the information because the case company is too small to have a standard public official report. The detailed information and exact figures cannot be accessed. All the information was obtained from real experienced research and from interviews with the company CEO, marketing manager, production manager and factory workers. All the information used in this plan is as realistic as possible.

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APPENDICES

APPENDIX 1: Interview with CEO of Anhui Xiongfeng Protection Facilities Co.,Ltd.

What is the size of the company? (factory area, office space, dormitory size)

How much do you invest in the company?

How many investors in this company and what is the share of each?

You have an investing company, how does this investing company support Anhui Xiongfeng Protection Facilities Co.,Ltd.?

What is your plan for the company in 5 years? (Market share, profit)

What problems you might meet in process?

How much salary did you pay for the staff in 2014?

Are you going to hire professional managers in the future?

Appendix 2: Interview with the Marketing Manager of Anhui Xiongfeng Protection Facilities Co.,Ltd.

What was the sale in year 2014?

Who were the main customers and how much did they account for the sales?

Where is your main market?

Are you going to expand new market in near future?

How do you think about your business in western China last year?

Do you have any future developing plan for western market?

What is your target profit for year 2015?

Appendix 3: Interview with the Production Manager of Anhui Xiongfeng Protection
Facilities Co.,Ltd.

What was the variable cost in year 2014?

How much did you spend in raw material purchasing?

What was the fixed cost in year 2014?

What was the production capability in 2014?

How do you think about the workers' skills, did they get used to the new equipment?

Is there any possibility to decrease the manufacturing cost in 2015? If yes, how?

