

# BLUE HOUSEKEEPER HOME SERVICE

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## ABSTRACT

The Blue Housekeeper Home Service Company is a housekeeping company based on the service market of nanny, nursing, cleaning, tutoring, and family management. At the same time, it is actively developing a housekeeping company that uses online advertising to take orders. In the initial stage, it is oriented to the domestic market in Xi'an. In the later stage, it will be based on the Xi'an market and gradually spread to surrounding cities with the advantage of the platform. The preparation of this business plan is the planning of the management direction of competition strategy, marketing strategy, etc. And it is also necessary to explain details of the company's development to investors in detail. The feasibility analysis shows that the present value of the next five years is 1.92 million yuan, 3.28 million yuan, 5.78 million yuan, 7.89 million yuan, 9.72 million yuan, so the net present value is 27.79 million yuan. The total investment of the project is 2 million, so the investment funds can be recovered in the second year, and the investment return period of the project is 1.1 years.

**Keywords:** Service industry, Domestic service, home service, business plan

## INTRODUCTION & COMPANY DESCRIPTION

At present, most of the housekeeping companies in Xi'an are in the form of stores, which are small in scale, have low barriers to entry in the industry, and have different comprehensive qualities of founders, resulting in a low quality of housekeeping services. There is a great contradiction between the many existing problems and people's demand for domestic services, which provides an opportunity for entrepreneurship.

At first, the company chose to start with relatively high-frequency and increasingly sophisticated shopping malls, household cleaning, and home nanny, instead of covering the field of housekeeping services from the beginning, and gradually realizing services covering both the B-end and the C-end.

While providing customers with professional and high-quality housekeeping services, the company has won the long-term trust and cooperation of customers with sincerity and integrity, helped the company and employees to achieve self-realization with innovation and development, and contributed to the optimization of the living and business environment.

The company's name is "Blue Butler", which is derived from the comics and cartoons of the same name by the Belgian cartoonist "Peyou". The blue cartoon image has a broad mass base among the post-70s and post-80s, and the image gives people a sense of intimacy, representing a hard-working and brave image. The name "Blue Butler" is convenient for customers to remember and leave a good first impression due to association.

## INDUSTRY ANALYSIS

The Shaanxi Provincial Family Service Industry Association conducted a survey: In 2013, there were about 200,000 people engaged in the domestic service industry in Shaanxi Province, and the gap was about 500,000. With the improvement of people's quality of life and changes in consumption concepts in recent years, people's demand for home services is also on the rise. Some housekeeping companies are eager for quick success and quick profit, arbitrarily relaxing the training and supervision of their housekeeping staff, causing chaos in the industry.

In 2020, the Xi'an CPPCC organized a consultation and supervision symposium on "Promoting the High-quality Development of Domestic Service Industry". The meeting pointed out that the demand for domestic service in Xi'an is increasing day by day, and the city's domestic service industry has a shortage of about 100,000 employees. According to data from the Municipal Bureau of Commerce, by the end of 2020, there were more than 2.5 million households in the city, 40% of the households have home service needs, and more than 30% of the households in need have used or are using home services.

There are more than 2,000 home service companies in Xi'an with more than 400,000 employees. At present, home services include more than 20 categories and more than 200 services including elderly care services, community care services, patient care services, cleaning services, maternal and child care services, and family health care services. In Xi'an, the most urgent market needs are elderly families, accounting for about 35%; followed by infants and young children, accounting for about 25%; again, dual-income families with a monthly income of more than 10,000yuan, accounting for about 20%; in addition, there are a number of patients with these long-term needs, caring families account for about 12%. In terms of employment methods, full-time services accounted for 31.5%, day shifts accounted for 28.4%, part-time workers accounted for 31.6%, and one-time services accounted for 8.5%.

The demand for home services in Xi'an has shown an obvious trend of diversification, specialization, and high-end development. According to the structure of demand, the primary "simple labor service" services in Xi'an's home services, such as cooking, laundry, cleaning, etc., account for about 40%; the intermediate "knowledge and skill" services, such as nursing, parenting, family education, nutrition, etc., About 40%; advanced "expert-managed" services, such as housekeeping, family financial management, and family consumption optimization consulting, etc., account for about 20%. The status quo of employees cannot meet the diverse needs, which has become a huge constraint on the development of the industry.

## MARKET ANALYSIS & MARKETING PLAN

In the market analysis of the project, we found that the current demand for housekeeping services in Xi'an is mainly concentrated in common housekeeping service items such as household and shopping mall cleaning, matron, residential nanny, and elderly care. Only a few families have higher demand for professional skills such as family nurses, etc. Combining the company's current characteristics and market demand, our market positioning for the company is as follows:

Focus on low-end services while developing high-end services. From the perspective of China's current domestic service industry demand, consumer demand is mainly concentrated

in ordinary services such as nanny, matron, cleaners, etc., while the demand for high-skilled businesses such as family nurses and housekeepers has not yet been adequately unearthed. Of course, this is also related to the inability to provide such high-skilled services with high quality in the current market. Therefore, the Blue Housekeeper Home Service Company still focuses on our daily ordinary service business, but at the same time it also discovers some high-end housekeeping services with high commercial value and relatively high demand at present, such as family baby nurses. Although the positioning is "focusing on low- and mid-range services while developing high-end services", it does not mean that we do not pay attention to the quality of mid- and low-end services. Good service quality is the best publicity for the company. Therefore, even if we focus on ordinary service business, we still need to carry out special training for the corresponding business to ensure the quality of service. Of course, for high-end businesses, the professional skills training of service personnel needs to be strengthened.

(2) Mainly to part-time workers, while developing live-in babysitting business. We position the company's current business as "mainly part-time workers, while developing live-in nanny business". However, since there are some employers who need live-in caregivers, the company cannot completely give up this business, and mainly considers locals as the main source of employees to carry out the company's home-service business and solve the company's current shortage of home-service personnel.

(3) Differential promotion. The end-user promotion on the O2O platform also reflects its differences. The target market focuses on the post-70s and post-80s users, especially female users.

## **MANAGEMENT TEAM AND COMPANY STRUCTURE**

The design of the company's organizational structure is essentially a formal arrangement of various components and personnel relationships within the company. Whether the organizational structure is reasonable or not plays an important role in the smooth operation of the company. At present, the Blue Housekeeper Home Service Company is in preparation, and the organizational structure model is consistent with the initial strategy envisaged by the partners. Since the operating cost of the employee-based domestic service company is relatively high in the early stage, in order to reduce this risk, under the condition of ensuring the normal operation of the company, the administrative personnel should be simplified as much as possible to reduce cost of the company.

The organization and operation structure of Blue Housekeeper Home Service Company in the early stage of its establishment is linear, the purpose is to simplify the operation and communication procedures, improve the speed of decision-making and the efficiency of handling affairs, and improve the rapid response to various problems and difficulties in the future. Blue Housekeeper Home Service Company has set up 5 departments, namely Marketing Department, Human Resources Department, Finance Department, After-sales Service Department, and Logistics Department.

## **OPERATIONS & PRODUCTION PLAN**

Business strategy is the response and strategy adopted by the enterprise in the competitive environment, according to the characteristics of the enterprise itself and the environment in which it is located, to form advantages and create space for survival and development.

In the long run, the employee system is an inevitable trend in the development of the domestic service industry. Because only the employee system can solve the current problems of excessive turnover of service personnel and frequent job cuts in the current domestic service industry, and only the employee system can improve the quality of industry services and provide immediate protection for domestic employees. Combined with the company's current actual situation and the future development trend of the housekeeping industry, the company will adopt and implement the "employee system" business model. Because the employee system is an inevitable trend in the domestic service industry, if you want to be bigger and better, you must have a high starting point and high requirements to make your own characteristics. In the company's marketing process, the employee system is our biggest feature. This business model ensures the life and work of employees and the quality of services that employers receive, which is a huge attraction for employees and employers.

Secondly, we should build the company into a united group, so that the domestic workers feel like a big family, feel the warmth of home, understand and support in this group, then they will be more dedicated to their jobs and cherish their positions more. For example, caring more about their families and children, and solving many practical difficulties for them. Organize them to participate in activities that broaden their horizons and improve their interest in life, so that they feel that it is meaningful to participate in this group.

At the same time, the Blue Housekeeper Home Service Company will mainly focus on community residents and group customers, adopt more advanced business concepts, and use basic housekeeping services such as cleaning and cooking as its main business through physical store operations and employee-based management models. In view of the difficulties in the development of services in the housekeeping industry in recent years, as well as the serious homogeneity of the low-end housekeeping market in Xi'an, the development of most housekeeping service companies is slow. Blue Housekeeper Home Service Company will seize the major development opportunities of the housekeeping industry, upgrade to mid-to-high-end, and transform to the housekeeping O2O marketing model, build a complete housekeeping service platform, and enrich the marketing strategy.

## **FINANCIAL ANALYSIS & FEASIBILITY ANALYSIS**

Project cost and rate of return analysis refers to the estimation and measurement of a company's inputs and outputs. The specific method is to first predict the sales revenue of company in the next 5 years and the cost of each year, and then prepare a cost-benefit statement on the basis of the sales revenue and cost forecast results. Below are the Pro forma Income Statements, Pro forma Balance Sheet, and Pro forma Cash Flow that make predictions.

**Table 1** Income Statement for the Year Ending December 31, 2026

Unit: ten thousand yuan

Item	2022	2023	2024	2025	2026
Sales (all on credit)	486	864	1591	2160	2856
Operating cost					
Labor cost	280	480	858	1112	1468
Material costs	6.5	8	9.5	12	15
Cost of training	5.5	8	11.5	15	20
Depreciation	5	5	5	5	5
Total operating expenses	297	501	884	1112	1468
Operating income	189	363	707	1048	1388
Interest expense	0	0	0	0	0
Income before taxes	189	363	707	1048	1388
Income tax expense	24	47	92	137	180
Net income after taxes	165	316	615	911	1208
Earnings per share(Based on	0.00165	0.00316	0.00615	0.00911	0.01208

**Table 2** Pro forma Balance Sheet

Unit: ten thousand yuan

Item	2022	2023	2024	2025	2026
Assets					
Current assets					
Cash	420	760	1513	2010	2440
Accounts receivable	20	30	55	68	95
Total current assets	440	790	1568	2078	2535
Fixed Assets					
Equipment	25	36	50	63	80
Depreciation	5	5	5	5	5
Total fixed assets	20	31	45	58	75
Total	460	821	1613	2136	2610
Liabilities and Owner's Equity					
Liabilities					
Accounts payable	30	55	142	246	258
Bills payable	20	50	145	168	385
Total current liabilities	50	105	287	414	643
Owners' equity					
Corporate partner equity	385	687	1276	1657	1882
Unallocated equity	25	29	50	65	85
Total owner's equity	410	716	1326	1722	1967
Total	460	821	1613	2136	2610

**Table 3** Pro forma Cash Flows Ended December 31,2026

Unit: ten thousand yuan

Item	2022	2023	2024	2025	2026
Operating Activities					
Net income	165	316	615	911	1208
Increase in accounts receivable	20	30	55	68	95
Increase in inventory	0	0	0	0	0
Operating Net cash	185	346	670	979	1303
Investing Activities	0	0	0	0	0
Financing Activities					
Investment by owner	20	30	38	55	60
Net increase in cash	205	376	708	1034	1363
Cash at the beginning of year	0	0	0	0	0
Cash at the end of year	205	376	708	1034	1363

NPV is calculated using the formula  $NPV = \sum (CI - CO)(1+i)^{-t}$ . Combining market conditions and bank interest rates, a discount rate of 7% is assumed. After calculation, the present value of the next five years are: 1.92 million yuan, 3.28 million yuan, 5.78 million yuan, 7.89 million yuan, 9.72 million yuan, so the net present value is 27.79 million yuan. From the net present value indicator, the project is feasible.

The payback period is the time required to make the cumulative economic benefit equal to the initial investment cost. The total investment of the project is 2 million, so the investment funds can be recovered in the second year, and the investment return period of the project is 1.1 years.

### CONCLUSION AND FUTURE WORK

With the rapid development of social economy and the continuous change of people's family concept and consumption concept, my country's domestic service industry is currently in a state of short supply. However, due to the current industry's irregularity and lack of management, the industry currently has problems such as low service quality and large personnel turnover. Under such circumstances, it is a wise move for Smurfs Domestic Service Company to enter the industry with the employee system as its long-term development model.

This paper makes a comprehensive analysis of Smurfs Housekeeping Service Company from the aspects of project opportunity, company market orientation, strategic planning, organizational structure design, company management, financial evaluation and risk management.

At present, the relevant state departments have issued a series of documents to support and encourage the development of the domestic service industry, but the current development speed of the domestic service industry in Xi'an has not kept up with the growth rate of the number of residents and the level of residents' consumption. Therefore, from the perspective of market demand, the market is not yet saturated, there is a lot of room for development, and the market is promising.

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