

“JB” ONE STOP ENZYME PRODUCT SUPPLIER BUSINESS PLAN

Shuwei Zhou¹, Tanaset Morasilpi²

^{1,2}Graduate School, Southeast Asia University, Bangkok, Thailand

E-mail: TanasetM@sau.ac.th

ABSTRACT

The company's profits are divided into current profits and later profits. The current profits are mainly composed of product sales income, advertising sponsor income, joint cooperation income and technical service income; The latter part of the profit includes brand profit, application mall member income and rent collection profit.

At the beginning of its establishment, the company had a total registered capital of 8 million yuan, of which 4.16 million yuan was contributed by the team, accounting for 52% of the total share capital, and 2.24 million yuan was invested by the technology, accounting for 28% of the total share capital, which was within 30% of the normal value and in line with national policies. The remaining 20% of the registered capital will be invested by 1-2 venture capital companies, which is conducive to financing and risk reduction. In this paper, the initial investment, business forecast, budget of various subjects, main financial statements, investment return phase I and other financial indicators are described in detail.

Keywords: Enzyme product, One stop enzyme, Product supplier

1 Executive Summary

1.1 Company profile

JB one stop enzyme product supplier business is a high-tech biotechnology enterprise integrating technology research and development, product production and marketing. It takes a down-to-earth approach to protect green waters and green mountains; Based on the concept of combining education with pleasure and serving the health industry, promote the circular economy model and green lifestyle linked by enzymes, innovate enzyme technology, and spare no effort to create new, natural, green and healthy agricultural enzymes, feed enzymes and edible enzymes for research, development, operation and promotion. The company takes the lead in using food processing by-products such as rice wine, rice syrup and water as raw materials, mixing plant residues, or organic fruits and vegetables or organic Chinese herbal medicine, inoculating independently separated high activity enzyme strains, and preparing a variety of enzyme products through the metabolism oriented fermentation process, with independent intellectual property rights.

1.2 Market Status

In 2020, the online turnover of enzymes reached 2.036 billion, up 72% year on year. In addition, tracking the market of enzyme category in the past 24 months, we can find that this category not only continues to grow, but also has a significant accelerated growth in 2020, which is a category with great potential in the "post epidemic era".

1.3 Use of funds

The registered capital of the Company is 8 million yuan. In the share capital structure, the team contributed 4.16-million-yuan, accounting for 52% of the total share capital, and the technology investment accounted for 2.24 million yuan, accounting for 28% of the total share capital, which is within 30% of the normal, in line with national policies. The remaining 20% of the registered capital will introduce 1-2 venture capital companies to participate in the equity, which is conducive to financing and risk mitigation.

Source and use of funds. At the initial stage of establishment, the company plans to raise 8 million yuan, including other funds through capital injection and venture capital attraction. The total shareholder investment is 7.2 million yuan. The funds are mainly used to build a productive fixed investment of 2.85 million yuan, purchase raw materials, pay employees' salaries and other expenses. (In the fourth year, 500000 yuan of additional investment in fixed assets will be used to purchase expanded production equipment, etc.).

1.4 Competitive Analysis

With the help of Porter's five forces analysis model, our company analyzes the competitive environment of our products from five aspects: the bargaining power of suppliers, the bargaining power of buyers, the ability of potential competitors to enter, the ability of substitutes, and the current competitiveness of competitors in the industry.

Bargaining ability of suppliers: the raw materials for the production of enzymes of the company are mainly the drainage water from food processing such as rice wine, rice paste, water, crop residues, organic fruits and vegetables, etc. Because the laboratory is located in Shaoxing, there are many rice wine companies and organic vegetable bases, and there are many raw material supply points to choose from, the supplier's ability to increase the price of input factors is limited, which is conducive to our company's reduction of production costs.

Bargaining ability of buyers: compared with foreign competitors, domestic enzymes have few options. At present, no matter the output and quality of the agricultural and feed enzymes on the market, they can hardly meet the demand of the rapid development of the current high-end brand agriculture, and the fermentation strains are mainly imported from Japan, South Korea and other places, with high prices. With the continuous improvement of people's living standards and health management awareness, the pursuit of natural functional food has been increasing, which has weakened the bargaining power of buyers to a certain extent, giving our company greater advantages in pricing.

The ability of potential competitors to enter: The threat of potential entrants is mainly the infiltration of the external enzyme industry. At present, the domestic enzyme industry is at the initial stage of development, and the market is not standardized. Purchasing from abroad is still the main consumption mode of enzymes, and the domestic competitiveness is not very strong. In addition, because the acceptance of enzymes by local residents is not high, and the demand for foreign enzymes is not high, when our company introduces a triable enzyme with low price and guaranteed quality, if consumers have a sense of trust in our products, there will be less customer loss in the later period, which has certain advantages.

Substitution ability of substitutes: agricultural enzymes can promote crop growth, improve crop quality, and enhance crop resistance to diseases and pests; Feed enzymes can improve animal immunity and disease resistance. Compared with conventional microbial fertilizers and feeds, enzyme products are more effective, more natural,

green, safe and healthy, significantly improving the quality and added value of agricultural and livestock products, as well as their retail prices and profit margins. Compared with chemical fertilizers and pesticides, antibiotics and hormones, enzymes have greater advantages, and the price is slightly higher. However, with the growing demand for health, enzymes still have greater advantages

The current competitiveness of competitors in the industry: there are few domestic enzyme production enterprises with strong R&D strength and high production level. Most enzyme production enterprises have the characteristics of non-standard production technology and small scale, and the overall technical level of the industry is uneven. The company has made innovations in fermentation raw materials, strains and processes, and has introduced a sales model that focuses on technical service marketing, supplemented by batch sales and trading platforms; The sales model is based on concept sales, supplemented by direct marketing and e-marketing; The experience marketing mode with the enzyme pastoral complex as the carrier is highly competitive.

1.5 Financial Forecast

The Company's initial investment in fixed assets is 2.85 million yuan, and the service life of all equipment is ten years. Depreciation is accrued using the straight-line method. Intangible assets (technology invested) totaled 2.24 million yuan, amortized within ten years.

It can be seen from the gradually increasing net profit rate of sales in the past five years that the company has a good profitability and growth. It can not only gain a firm foothold in the market, but also further open the door to the market.

3 Industry Analysis

3.1 Industry Size, Growth Rate and Sale projections

In 2020, the online turnover of enzyme reached 2.036 billion yuan, with a year-on-year increase of 72%. Moreover, tracking the market of enzyme category in the past 24 months, it can be found that this category has not only continued to grow, but also accelerated significantly in 2020. It is a category with great potential in the "post epidemic era".

3.1.1 analysis of international market

As early as last century, enzyme products were popular in Japan, South Korea, Taiwan, China and other places. The technology development and comprehensive utilization level of enzyme products in foreign countries was high, and great economic and social benefits were obtained. The enzyme industry in the

Chinese Mainland started relatively late. In recent years, its remarkable effects have been increasingly recognized by people and its development speed has been rapid. Although there are problems such as insufficient scientific support and large differences in enzyme quality, the industry needs to be standardized urgently, but there is huge development space and growth potential.

3.1.2 domestic market analysis

Health is the basic demand of people. In 2015, "healthy China" was written into the government work report for the first time, reflecting people's demand for a healthy life and the government's strong concern for residents' health. In 2020, the total scale of the health service industry will exceed 8 trillion yuan and reach 16 trillion yuan by 2030. Since enzymes have certain health care functions, they can regulate the sub-health state of human body,

and large-scale sub-health people have become the target consumers of enzyme products. With the deepening of domestic consumers' understanding of enzymes, enzyme products will be accepted by more and more consumer groups, and it is expected to become an important choice for sub-health people to improve their health.

3.2 Industry Characteristics (Industry Structure, Nature of Participants, Ratios, Key Success factors)

Most of the enzymes on the market are imported, and the market price is relatively high. Most of the products come from Japan, such as Daiwa enzyme company and Wantian enzyme company, which have a history of 100 years. They have very high requirements on fermentation process, which also leads to relatively expensive products.

3.3 Industry Trends (Environment trend, Business Trend)

Table 3-1 SWOT analysis

SWOT analysis			
Strengths	Weaknesses	Opportunities	Threats
1. Regional advantage 2. Raw material advantage 3. Technical advantage 4. Strong market advantage 5. Promotion of healthy life concept	1. Consumer distrust 2. Lack of talents 3. Long product production cycle	1. More room for improvement in the future 2. Policy support 3. Spread the concept of enzyme with the help of the development of media	1. Capital risk and industry risk 2. Entry of potential competitors

4 Market Analysis and Marketing Plan

4.1 Market Segmentation and Target Market Selection

Table 4-1 product breakdown of Zhejiang JiaoYi biotechnology phase I

	Target product	Major function	Target consumer group
Phase I products	Green agricultural enzyme	Promote crop growth and improve crop quality	Middle and high-end agricultural product producers and operators
	Natural feed enzyme	Increase animal immunity and disease resistance	Medium and high-end livestock products producers and operators

Table 4-2 breakdown of products of Zhejiang JiaoYi biotechnology phase II

	Target product	Major function	Target consumer group
Phase II products	Organic strawberry enzyme	Antioxidant and anti-aging	White collar women
	Organic grape enzyme	Regulating stomach and intestines	The middle-aged and old people lose weight and are sub healthy people

Table 4-3 market segmentation of JB one stop enzyme product supplier business

Market Segmentatio	Raw material product market	End product market
Market characteristics	It is easy to accept the company's products and highly dependent in the later stage	It takes a long time to accept the company's products. After the efficacy of the products is gradually recognized, the market will be relatively stable in the later stage. It takes a certain time to accept the products. The products are highly replaceable and there is a risk of market share being squeezed out in the later stage.
Purchase purpose:	Hope to obtain benefits through primary processing and apply them to enterprises to develop new products	Enterprises pursue high added value of products.
Market scale and entry threshold	Large scale, easy to enter quickly	Large scale, easy to enter quickly.
Customer positioning	Accumulation of early funds	The cornerstone of long-term development, increasing industrial added value and the main growth point of profit.

4.2 Buyer Behavior

The classification of consumption groups of edible enzymes focuses on the demographic characteristics of Chinese consumers (such as age, income, city level, life stage), population attribute tags (fairy, trendy male, college students), and consumption preferences (consumption behavior, social preference, cognitive preference).

4.3 Competitor Analysis

4.3.1 With the help of Porter's five force analysis model, our company analyzes the competitive environment of our products from five aspects: the bargaining power of suppliers, the bargaining power of buyers, the ability of potential competitors to enter, the substitution power of substitutes, and the current competitive power of competitors in the industry.

4.4 Marketing Plan

The company pays attention to the combination of short-term goals and long-term strategies, and formulates marketing strategies based on the characteristics of products and the technical advantages of the company. Promote products and technologies together.

5 Management Team and Company Structure

5.1 functional management

Board of directors: composed of all shareholders of the company, it is responsible for convening the shareholders' meeting to decide the production and operation plan and investment plan of the company and the setting of the internal management organization of the company, listen to the work report of the general manager and make resolutions. Formulate the company's annual financial budget and final account plans, profit distribution

plans and loss recovery plans, put forward plans for the company's increase or decrease of registered capital, division, merger, termination and liquidation and other major matters, appoint or dismiss the company's general manager and department managers, and determine their awards and punishments.

General manager: entrusted by the board of directors, exercise the power of overall guidance, command, supervision and management of the company's operation, and undertake the obligation of implementing various rules and regulations.

5.2 Team building

1.The company recruits talents extensively and enriches them into the company's professional talent pool. The company encourages various teams composed of grass-roots and management personnel to make rational use of the knowledge and skills of each member to work together, solve problems and achieve common goals. Each team of the company has a common ideal goal, and is willing to share responsibility, honor and disgrace. In the process of team development, through long-term learning, adaptation, adjustment and innovation, a proactive, efficient, cooperative and creative group is formed to solve problems and achieve the common goal.

6 Operations Plan, Production Design and Development Plan

6.1 Operations Model and procedure

The company makes use of its technical advantages to create competitive advantages, cooperates with important medicinal materials suppliers and R & D laboratories, and the scientific research team carries out product research and development. After the test at the test site is completed, it is produced by the OEM, and subsequently sold through the online operation of ferment mall and offline stores.

6.2 Development status and tasks

The first phase of the company's products are green agricultural enzymes and natural feed enzymes. Rice slurry water, a by-product of yellow rice wine processing, is used as raw material to mix the leafy vegetable wastes produced every day in the vegetable market, such as radish leaves, cabbage leaves and lettuce leaves. After adding sugars, the company ferments to produce agricultural and feed enzymes, which can be applied to the breeding of high-quality, organic, pollution-free and green livestock and poultry, and can promote the growth of crops. Improve the resistance of crops to diseases and pests, enhance the immunity and disease resistance of livestock and poultry, reduce the use of chemical pesticides, fertilizers and feeds containing antibiotic hormones, and significantly increase the added value of agricultural and livestock products. In the second phase, edible enzymes were developed, and agricultural enzymes were used for organic strawberry and grape planting, which significantly improved the disease and pest resistance and quality of fruits.

7 Financial Projections

In the market economy, due to the separation of ownership and management rights, enterprises must face the market for fund-raising, investment and business activities. This objectively requires enterprises to disclose information to the market so as to help current and potential investors, creditors and other information users make correct decisions on investment and credit, and provide the basic data needed by the state for necessary macro-control, Therefore, on the basis of market survey data and on the premise of following accounting principles, the

company has made a detailed and specific financial budget with a cautious attitude. The demanders of financial analysis information mainly include enterprise owners, enterprise creditors, enterprise management decision makers and the government. Different subjects have different requirements for financial analysis information for different interests. According to market investigation and reasonable estimation, JB one stop enzyme product supplier business has excellent profitability and broad market prospects. Meanwhile, it pays attention to the use of financial leverage and operational leverage. Therefore, under the premise of moderate risk, we should pursue the maximization of enterprise profits.

Estimated balance sheet(yuan)					
Year	2022	2023	2024	2025	2026
working capital:	4,303,169	6,460,403	11,823,817	12,437,527	18,563,700
Monetary Fund	2,826,381.8	720,369.91	814,107.78	800,534.74	969,028.31
Accounts receivable	1,339,000	2,538,600	2,879,988	4,555,920	4,075,829.40
Stock	1,015,440	1,523,160	2,884,704	3,145,422	4,411,494
Total current assets	5,180,821.80	4,782,129.91	6,578,799.78	8,501,876.74	9,456,351.71
Fixed assets:					
Original price of fixed assets	2,850,000	2,850,000	2,850,000	3,350,000	3,350,000
Less: accumulated depreciation	285,000	285,000	285,000	335,000	335,000
Net fixed assets	2,565,000	2,280,000	1,995,000	2,160,000	1,825,000
Net intangible assets	2,240,000	2,240,000	2,240,000	2,240,000	2,240,000
Less: accumulated amortization	224,000	224,000	224,000	224,000	224,000
Net intangible assets	2,016,000	1,792,000	1,568,000	1,344,000	1,120,000
Total Assets	11,238,608.88	14,594,162.68	21,151,509.19	23,642,869.58	29,996,022.80
Liabilities:					
Accounts payable	2,098,224	3,319,272	6,003,332.80	6,900,250.40	7,704,022
Total Liabilities	2,098,224	3,319,272	6,003,332.80	6,900,250.40	7,704,022
Owner's equity:					
Paid in capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Surplus reserve	148,745.88	427,159.68	1,128,659.393	1,457,103.18	2,522,117.8
Undistributed profits	991,639	2,847,731	6,019,517	7,285,516	11,769,883
Total owner's equity	9,140,384.88	11,274,890.68	15,148,176.39	16,742,619.18	22,292,000.80
Total Liabilities and Capital	11,238,608.88	14,594,162.68	21,151,509.19	23,642,869.58	29,996,022.80

Note:

The surplus reserve is withdrawn at 15% of the after tax profit, of which 10% is the statutory surplus reserve and 5% is the discretionary surplus reserve Accounts payable are direct material expenses payable.

Estimated profit form(yuan)					
Year	2022	2023	2024	2025	2026
1 Main business oncome	4,384,000	8,016,000	17,612,000	21,191,520	26,302,030
Add: other business costs	500,000	500,000	500,000	500,000	500,000
Less: main business cost	2,510,520	4,449,060	9,644,644	11,515,120.8	13,355,371.7
Other business costs	0	0	0	0	0
Business tax and surcharges	554,771	1,041,796	2,552,141.06	3,964,912.7	5,171,233.97
2 Profit from main business	2,790,709	5,163,544	11,082,815	13,819,847	22,731,688
Less: sales expenses	446,160	646,880	720,320	720,320	757,040
Administrative expenses	1,105,000	957,000	957,000	957,000	957,000
3 Operating profit (loss expressed with "-")	1,239,549	3,559,664	9,405,495	12,142,527	21,017,648
Add: non-operating income	0	0	0	0	0
Less: non operating expenses	0	0	0	0	0
4 Total profit (loss expressed with "-")	1,239,549	3,559,664	9,405,495	12,142,527	21,017,648
Less: income tax (estimated value)	247,909.8	711,932.8	1,881,098.99	2,428,505.3	4,203,529.67
5 Net profit (net loss expressed with "-")	991,639.2	2,847,731.2	7,524,396.0	9,714,021.7	16,814,118.3

Note:

Income tax payable = total profit * income tax rate 20%.

Other business income: income from providing technical guidance to other enterprises.

The net profit in the table is the result with two decimal places.

Expected cash flow statement(yuan)					
Year	2022	2023	2024	2025	2026
1 Cash flow from operating activities					
Cash received from selling goods and providing services	3,017,000	7,982,800	13,623,800	25,308,120	37,954,174
Other cash received related to operating activities	61,920	59,360	60,883.6	85,078.52	167,985.48
Subtotal of cash inflow from operating activities	4,078,920	9,014,160	18,284,564	30,560,890.52	39,730,438.08
Cash paid for purchasing goods and receiving services	3,147,336	7,077,132	10,224,468	16,353,708.4	18,456,283.4
Cash paid related to other operating activities	338,623.03	739,173.68	1,342,942.24	2,354,139.88	4,070,566.91

Expected cash flow statement(yuan)					
Year	2022	2023	2024	2025	2026
Pay various taxes	247,909.8	711,932.8	1,881,098.988	2,428,505.3	4,203,529.67
Subtotal of cash outflow from operating activities	3,733,868.83	8,528,238.48	13,448,509.23	21,136,353.58	26,730,379.98
Net cash flow from operating activities	345,051.17	485,921.52	4,836,054.37	9,424,536.94	13,000,058.10
2 Cash flow from investment activities					
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	2,850,000	0	500,000	0	500,000
Net cash flow from investing activities	-2,850,000	0	-500,000	0	-500,000
3 Cash flow from financing activities					
Subtotal of absorbing equity cash inflow	600,000	0	0	0	0
Subtotal of cash inflow from financing activities	600,000	0	0	0	0
Cash paid for distribution of dividends, profits or interest	0	0	2,368,879.2	3,594,905.5	6,471,909
Subtotal of cash outflow from financing activities	0	0	-2,368,879.2	-3,594,905.5	-6,471,909
Net cash flow from financing activities	600,000	0	2,368,879.2	3,594,905.5	6,471,909
Net increase in cash and cash equivalents	-1,904,948.83	485,921.52	6,704,933.57	13,019,442.44	18,971,967.10