

Simple bases to start a business (PYME)

Bases sencillas para iniciar un negocio (PYME)

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Abstract

When you start your business you need bases and know the procedures to undertake it. The purpose of the companies is to serve customers, observe competitors and their environment because we are in a very competitive market. Companies need qualified people who know how to manage. As you know the administration began to be studied since the twentieth century. There is the kind of person who is dedicated to talking about your product or service but few emphasize the client. The success of a company depends on the administration of resources and resources. Every project follows phases of studies. The decision to invest depends on the evaluation and the profit. The first part of the project includes the organization, business plan to start any investment project. The second part includes the market study and finally the economic evaluation. It is very important to do an external and internal analysis where the environment surrounding the business is known.

Business plan, Bases, Project feasibility

Resumen

Esta investigación transdisciplinaria promueve restaurar la biodiversidad y afrontar el cambio climático mediante una museología que inicia el desarrollo de una Red de Al iniciar tu negocio necesitas bases y conocer los trámites para emprenderlo. El propósito de las empresas es atender a los clientes, observar a los competidores y su entorno pues estamos en un mercado muy competitivo. Las empresas necesitan personas calificadas y que sepan administrar. Como se sabe la administración comenzó a ser estudiada desde el siglo XX. Existe el tipo de persona que se dedica a hablar de su producto o servicio, pero pocos hacen énfasis en el cliente. El éxito de una empresa depende de la administración de medios y recursos. Todo proyecto sigue fases de estudios. La decisión de invertir depende de la evaluación y la ganancia. El primer parte del proyecto comprende la organización, plan de negocios para poner en marcha cualquier proyecto de inversión. La segunda parte comprende el estudio de mercado y finalmente la evaluación económica muy importante hacer un análisis externo e interno donde se conozca el ambiente que rodea al negocio.

Plan de negocio, Bases, Factibilidad de proyecto

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Introduction

The formulation, administration and evaluation of this project analyzes the feasibility to install the naturist store "Vive Natural", an establishment that projects the service of natural products for the wellbeing of the patient and their environment. The first part of this project includes the organization and administration of the project, ie the business plan and the elementary concepts are analyzed in detail to start an investment project. (Porter,1982)

The second part of the project includes the market study, where the following variables are analyzed: Supply, demand, product, competition, prices, marketing, advertising. This chapter also includes technical, economic and financial feasibility. In this section, the optimal macro and micro location is identified. In addition, the initial investment is determined the total operating costs, the working capital and the maximum production capacity. (Santesmases, 2003)

The third and last part of the project deals with the economic evaluation of the investment where profitability and IRR (internal rate of return) are shown. Finally, the general conclusions of the entire project are given based on the data collected in each of the parts mentioned above. (Griffin, 1997)

Method description

To carry out this project to start a business in Ciudad Juárez the following methodology was developed.

- a) The project begins when the idea of investment arises from a need or simply from a new idea that wants to materialize.
- b) Every project advances through the phases of the pre-feasibility study.
- c) Once the evaluation of the project is made, the investment is accepted, resources are used and the project is implemented, in this phase the creation of the company begins, and the production facilities are installed.

- d) It is very important to develop a business plan, regardless of the business, because if you do not have this step you will always be more likely to fail. In this stage the organization and administration of the project is understood.
- e) The next stage of the project includes the market study: Supply, demand, product, competition, prices, marketing, advertising. Technical, economic and financial feasibility is also included.
- f) Identify the optimal macro and micro location of your business. (García, 2005)
- g) The last part of the project deals with the economic evaluation of the investment, showing profitability and IRR (internal rate of return).
- h) Finally the general conclusion of the whole project is given based on the data collected in each of the parts mentioned above.

Analysis from the method

It is very important to know the market where the business will start, for which it is necessary to know its inhabitants, climate, culture among other aspects for which the following information was investigated:

- a) The stages of strategic planning
- b) Business mission: Depends on the company's turn.
- c) Vision: It will depend on the business.
- d) Business objectives: Commercialize natural products, excellent customer service, enter the market through a Web page.
- e) External environmental analysis: Political, technological, economic, legal, social, demographic factors. (García, 2005)
- f) Tactical and operational plans: Here it is important to define what should be done and what objectives should be achieved.

- g) Marketing plan: Map of routes for your business. This is intended to make flyers, radio and television.
- h) Foda Analysis: It is a tool that the entrepreneur can use to assess the current and future viability of a project. In which was found in the weaknesses as the main lack of machinery and instruments in the development of creams, ointments and capsules. As well as the presentation of the product could be improved. (Alcaraz, 2015), (Porter,1982).

Socioeconomic study of Cd. Juárez

The Municipality of Juárez belongs to the Bravos Judicial District; It borders the municipalities of Ahumada to the south, Ascension to the west and Guadalupe to the east, in the State of Chihuahua. To the north with the County of El Paso, Texas and the County of Doña Ana in New Mexico, the last two in the United States of America. It is one of the most populated municipalities of Mexico, like its head. According to the projections, the population of the Municipality of Juárez in mid-2016 according to the Population and Housing Census has 1'407,959 inhabitants, of which 1'301,452 live in Ciudad Juárez (97.70% of the total). Of the 788 thousand 514 workers contributing to Social Security in Chihuahua, a total of 17 thousand 773 earn a minimum wage, another 310 thousand 251 twice that indicator, 186 thousand 488 three times; 83 thousand 361 four and 46 thousand 191 up to five times the daily wage. The market study was carried out with naturist products that do not correspond to the category of pharmaceutical or homeopathic products. The group was made up of men and women of different ages, mainly from 18 to 40 years old and over 40 years of age in UTPN campus ANAPRA (Navarro,2018).

Economic evaluation

Applying the methodology that includes a series of interviews to a population of 200 people coinciding the scenario that would be used for a non-probabilistic method, for which experts were used in the application of the same and finally integrates in a graphic way each of the Results that were obtained in the application of the surveys to carry out the Economic Evaluation phase in the Market Study section.

1. In the technical feasibility section we verified the possibility of manufacturing the product, size, location and optimal equipment to carry out the production. (Baca Urbina, 2010)
 - a) Optimal determination of plant: The objective is to determine the production capacity in the processes by taking time to produce a product for example of a microdosis the average time is 1.36 seconds and the maximum production capacity was calculated, obtaining 774 units per day of 8 hrs.
 - b) Technical description of products: A portfolio of products was made to visualize a variety of alternatives that could be offered to customers.

2. Description of the production process: It was defined how the raw material will be received, stored, packaged, labeled, as well as machinery and equipment that intervene in the process. (Baca Urbina, 2010)

Finally, in the economic and financial feasibility section, the equilibrium point method was used to determine annual minimum sales in units, total costs and expected revenues. As well as the margin of contribution to analyze the amount of capital available to cover the fixed costs and have profit margin.

Financial Evaluation: There are several tools to evaluate the investment project, one of which is the cash flow statement, which allows us to forecast the beginning of an SME. TIR was also used, which gives us a measure of the profitability of the business at a certain percentage. That is, the percentage of profit or loss that will have an investment in a project.

Results

Naturist products are sold everywhere and some of these businesses do not operate formally, so the universe is unknown. They found around 14 naturist and herbalist shops established around the entire city. A quantitative study was carried out by calculating the sample size using the probabilistic method.

The sample size was 200 people coinciding with the scenario that would be used for a non-probabilistic method. For which you will see the following calculations.

Calculate sample size:

Cálculo para 1185 alumnos

$$n = \frac{(1.96)^2 (.50)(1-.50)(1185)}{(1185)(.05)^2 + (1.96)^2 (.50)(1-.50)} = 290$$

Cálculo para 199 alumnos

$$n = \frac{(1.96)^2 (.50)(1-.50)(416)}{(416)(.05)^2 + (1.96)^2 (.50)(1-.50)} = 199$$

Survey applied to quantify the consumption of naturist products

1. Consume o a consumido productos naturistas

Respuestas:

Si, (76.9%)

No, (23.07%)

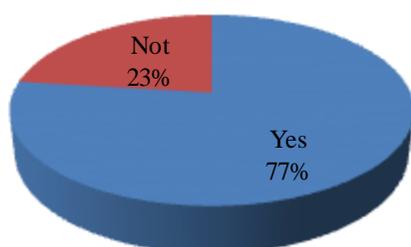


Figure 1 Population that consumes natural products
Source: *SelfMade* (2018)

2. From the following list of natural products, select which one or which ones you have consumed

Teas (24%)

Aromatic (candles, etc.) (10.76%)

Medicinal creams (13.85%)

Natural syrups (15.38%)

Micro dose (for various diseases) (1.53%)

Handmade soaps (10.76%)

Shampoo (10.76%)

Plant foods and beverages (9.23%)

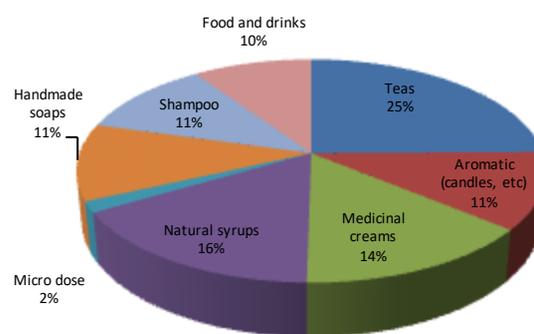


Figure 2 Consumer health products

Source: *SelfMade* (2018)

3. Of the products mentioned above, how often do you consume them:

Once a day (15.38%)

1 or 2 times a week (18.46%)

1 time a month (18.46%)

Sporadically (43.07%)

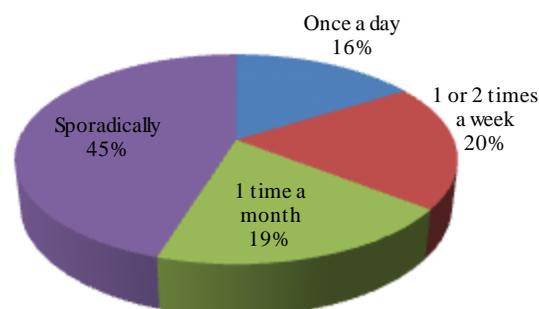


Figure 3 Frequency of consumption

Source: *SelfMade* (2018)

Analysis of the results of the surveys

In question 1 and 2 it can be observed that there is a high current potential for the consumption of natural products. In these studies it is revealed a potential of the demand oscillates between 70% and 76% that consume or at least have consumed the products naturistas.

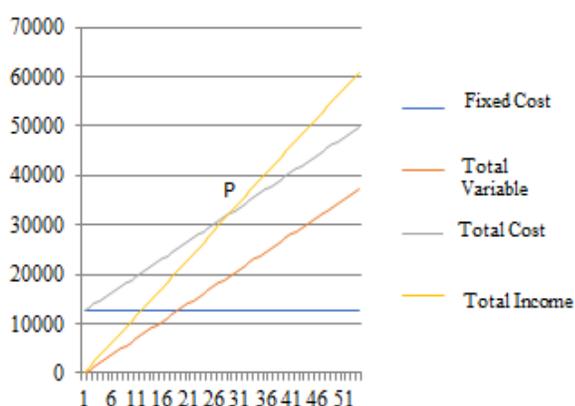
The consumption is mainly due to the confidence of the buyers, since they think according to the study that the products are effective and that they do not contain chemical substances that could have adverse effects in the future. 16% consume this type of products at least once a day, 20% 1 to 2 times a week, 19% 1 time a month and 45% only consume them sporadically.

It must be emphasized that, although the product that is intended to be sold (micro dose) is not bought frequently, the study showed that this product is relatively new and is unknown by most people. Therefore, we can conclude that if there is demand in the herbal market.

Economic and financial feasibility

There are several factors so that the investment project does not work as expected, since competition is high and the current situation according to macroeconomic variables such as gross domestic product, parity and inflation, just to mention some variables, mean that the economic scenario becomes more difficult.

The minimum annual sales in units should be 1267, the total cost of \$ 50, 684, and the expected income of \$ 50,684.00.



Graphic 1 Equilibrium point
Source: *SelfMade* (2018)

The equation is further detailed with the following expression:

$$Pv_u * Q_e = Cv_u * Q_e + CF + U$$

Where:

Pv_u : Unit sale price

Q_e : Amount of equilibrium

Cv_u : Unit variable cost

CF : Total fixed costs

U : Utility

In this case we must remember that the gain is equal to zero; Thus

$$Q_e = \frac{CF}{Pv_u - Cv_u}$$

In this study the equilibrium point is useful because it is anticipating or projecting the start of the project operations "live fully" in order to analyze the results and have a vision of what may happen in the future.

In graph 1, the so-called optimal point of the investment is observed, where the income and costs are equal, that is, there are no losses or gains. The income received is sufficient to cover variable costs and fixed costs of the company. It is also necessary to clarify that the equilibrium point is not acquired at the beginning of the opening of the company, but rather through the years of operation.

It can be maintained for periods and usually occurs mainly at the end of the year. This period is usually relevant for the company and will also depend on whether the size of the fixed costs does not change, but rather that they remain constant. The equilibrium point is calculated by the following equality: (Griffin, 1997)

$$\text{Ventas} = \text{costos variables} + \text{costos fijos} + \text{utilidad}$$

Study and Financial Evaluation

Financial evaluation

There are several tools to evaluate the investment project, one of them is the cash flow statement, usually consists of four sections, which inform about those events and transactions that an entity performs and that represent both its sources of income and expenditures. of cash.

This is how, next, we will proceed to explain what the four sections that make up and shape this financial statement consist of. Operation activities. (Griffin, 1997)

- Investment activities
- Financial activities

Question	Explanation
Does the entity have the following financial assets?	A financial asset is one that gives the entity the right to receive future income from a third party.
Cash	
Bank accounts	
Loans receivable	
Accounts receivable	
Promissory notes	
Inversions in actions	These can be; preferential, ordinary, privileged.
Has the entity stopped recognizing financial assets?	If at any time the entity has ceased to recognize any financial asset other than cancellation of the debt or entire expense of the asset value.
Are financial assets measured at fair value?	
When using the fair value method, has profit or loss been generated?	
Has the entity transferred financial assets?	One of the main cases in which a financial asset is transferred is the endorsement.

Table 1 Basic Financial Instruments

Source: (Borrero, 2016)

Net cash flow

The cash flow is the cash flow that remains after discounting the cash that is required for the working capital and replacing the fixed assets, to attend to the loans. To the cash flow as shown in figure 23, depreciation is added to it and any other value that has the same characteristics. The depreciation seen in the flow refers to the decrease of a material good periodically from a material or immaterial asset. This will always be due to deterioration or passage of time. Depreciation is not a cash flow, but it is added for tax purposes. (Griffin, 1997)

Year	1	2	3	4	5
1.Sales revenue +	120000	130000	130000	140000	150000
2.Unitary variable costs	0.54	0.5	0.53	0.54	0.5
3.Total variable costs-	45600	45000	20000	20000	30000
4.Fixed operating costs-	50000	25000	25000	25000	25000
5.Drecciation-	1666	1666	1666	1666	1666
6.Utility of Operation =	22734	58334	83334	93334	93334
7.Financial expenses-	16500	13850.59	10909.74	7645.41	4021.99
8.Utility before tax =	6234	44483.41	72424.26	85688.59	89312.01
9. Taxes-	0	9501.65638	15469.8219	18303.0828	19077.0453
10. Net Utility =	6234	34981.7536	56954.4381	67385.5072	70234.9647
11.Drecciation	1666	1666	1666	1666	1666
12. Net Cash Flow	7900	36647.754	58620.438	69051.507	71900.965

Table 2 Cash flow

Source: Own Elaboration (2018)

Table 2 shows a considerable increase in cash flows for years 2, 3, 4 and 5. This predicts a good start for this business.

Project	A
I	10%
Year / Initial investment	-\$150,000
1	6568.418
2	36647.754
3	58620.438
4	69051.507
5	71900.965

Conclusions

Just because they register a business they think that they already own their own business and that they will soon be successful. The success of a managerial management is based on the excellent administration of the means and resources of information, the management and analysis of the same, in the evaluation of the obtained results, the technological support and the fast, opportune and effective answer for the decision making.

The present study will recover the investment in 3 years, 10 months and 26 days. This business can become a good business. To start a business it is recommended to make more detailed studies and add other market and financial tools that were not included in this project. It is recommended to look for funding sources to carry out a project of this magnitude, as well as to continue with the business plan, strategic planning, organizational structure, have a marketing plan, Foda Analysis, steps to start an SME that are the following:

Recommended steps to start an SME

You must have experience in the area or business of the SME that is going to start, for example: Groceries, pharmacy, naturist store, etc.

1. Depending on the turn that is required to determine the tax regime.
2. Procedures for the operation of businesses, permits (municipality, state government), special permits depending on the turn of the economic entity.
3. Count land, if you are going to rent commercial premises.
4. Have an administrative system
5. Address a business plan, competition strategies (Experience in the field).

6. Market study (Foda) threats, new business strengths.
7. Execution (location of supplier, customers and evaluation of suppliers).
8. Capital, hiring of personnel (profile).
9. Structure the departments.
10. Type of company to be constituted
11. Credit opportunities
12. Have knowledge of lean manufacturing and its benefits and implications in all its personnel.
13. Application of improvement methodologies.
14. Compensation to employees
15. Analysis, design and standardization of work.
16. Have knowledge relative to real production costs. (Grellier, 1993).

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