

Business Plan



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Executive summary

Kokstad is growing at a very rapid rate, in population and in economical aspect. We can never argue with the fact that our world is changing too. What is relevant today might be not relevant tomorrow, both technologically and economically.

In a changing world, there is a huge gap between the changing environment and standard of living which separates rich from poor. Ultra FM is a project aimed at bridging that gap made by financial power.

With our Top 40 music format, we aim to provide world class entertainment, information and education to the growing community of Kokstad and to the world at large. Our shows are designed to entertain, inform, and educate.

We broadcast 60% English and 40% Nguni languages (Zulu and Xhosa). Ultra FM shows are made for age group of 15-35, from teenagers to productive, lifestyle motivated and career driven adults.

Vision

Ultra FM promises to be the voice of the voiceless Kokstad community, through Music and information that will bring different cultures together.

Mission

Pave the way to light. To accomplish this, we will fight tooth and nail to put the views of the community we serve first.

Target Market

Ultra FM targets 15-35 years age group. Our content is suitable from young productive and energetic youth to family and lifestyle orientated, highly motivated and career driven group. These are decision makers in the consumer buying process

Language policy

We live in a rainbow nation, to be relevant you need to send a message that is widely understood. That is only possible if you are using a Universal language. Ultra FM will broadcast all shows using 60% English and 40% Nguni languages (isiZulu and isiXhosa).

This will enable us to educate, entertain and inform our diverse community and send the message that can be widely understood regardless of home language or skin color.

Business description

Business wise, Ultra FM is here to stay and to change the direction of radio in KwaZulu Natal. Just like any other entity, we also need revenue to operate, maximize profit and to minimize loss.

We aim to train and groom new talent that will take radio by storm in the future.

This will enable us reduce the number of unemployed youth in our community, plant hope, skills and brighten the future of many. With our shows and content, we aim to fight social unrests related issues like teenage pregnancy, drug abuse, gender based abuse, economic related issues, depression and anxiety.

Ultra FM will generate revenue through advertising, events promotion, partnering with other entities, our music events, and through sponsors and donations from governmental and private entities.

Knowledge for economics and the industry as a whole remains our strength to guide this entity to the next level. Our partners can be assured world class treatment. They can now sit back and let us take them to new heights.

Ultra FM is guided by young minds. Which are fresh, new, vibrant and highly motivated by the love of radio. Like a ray of sun rising in the morning, Ultra FM will shine and blossom to new heights.

Proposed structure



List of existing radio stations

Name of a radio station	nature	Frequency
Ukhozi FM	Public	90.1
Mhlobo Wenene FM	Public	93.2
SA FM	public	104.6,105.1and106.8
RSG	Public	101.5
Radio 2000	Public	99.7
East Coast Radio	Commercial	94.2 and 94.7

Program schedule

Our shows are designed to keep the listener tuned in, exciting content and forever dedicated and relevant presenters. Young, vibrant and full of mind blowing ideas

Midweek

Time	Name of the show
06:00 - 09:00	The Morning Fix
09:00 – 12:00	After Morning
12:00 – 15:00	Ladies House
15:00 – 18:00	Ultra Drive
18:00 – 20:00	Keleza nathi
20:00 – 22:00	Ultra Music sessions
22:00 – 02:00	Cross over
02:00 – 06:00	Bright start

Weekend**Friday**

Time	Name of the show
18:00 – 22:00	Living for the weekend
22:00 – 02:00	Dance floor

Saturday

Time	Name of the show
02:00 – 06:00	Woza weekend
06:00 – 10:00	Isintu sami
10:00 – 14:00	Ultra FM Top 40
14:00 – 18:00	We love hip hop
18:00 – 22:00	Living for the weekend
22:00 – 02:00	dance floor

Sunday

Time	Name of the show
02:00 – 06:00	Invuselelo
06:00 – 10:00	Strictly Gospel
10:00 – 14:00	Strictly 80s and 90s
14:00 – 18:00	We are deep
18:00 – 22:00	Youth in Christ

Studio location

Ultra FM studios will be situated at Kokstad town. For convenience, we prefer a place that is easy to reach for potential and existing investors, partners as well as our audience.

We want a place that is near our people. Place that will make it easier to communicate with the community that we serve. We are here to pave the way to the light. To do that, you need to interact with people and know what people want.

Market research and community survey**Objectives**

We are willing to know if, it worth it to set a new radio station in Kokstad. Will we have listenership? What do people want to hear on Radio which language?

Step1 – determine the problem

1. Is there a radio demand in Kokstad
2. What do listeners want to hear on radio, on which language(s)
3. Is there a competition? If any, who are competitors
4. Which radio shows are mostly listened
5. What type of ads to people want to hear on radio

Step2- Collect the information

How are we going to collect this information?

For example, using primary or secondary resources

Step3- tabulate the information

Tabulate and organize information found

Step4- analyze the information

What have we obtained from the research?

Step1- determining the problem

There is a radio need in Kokstad. So said 9/10 people we asked. Most people think that the available radio stations are not on the universal radio standard or level. Furthermore, there is no radio station specifically for Kokstad community and surrounding areas.

People feel like there is too much talent on Kokstad, but there is no platform and facilities to groom and expose this talent. Ultra FM may be the solution to problems like this, also reducing unemployment and promote talent.

6 out of 10 people want to hear more music and educational shows on radio. Shows must be in English, isiZulu and isiXhosa as we are diverse lingual and culturally.

Competition is classified into direct and indirect competition. Direct competition includes other radio stations like Ukhozi FM etc. Indirect competition includes other media platforms like Newspapers.

8/10 people mostly listen to morning "06:00 – 09:00" show and afternoon "15:00 – 18:00" show. 5/10 listens to after morning "09:00 – 12:00" and "12:00 – 15:00" shows. 4/10 people listen to radio between 18:00 and 22:00.

During the weekend, Saturday 10:00 – 14:00 gets more listenership. As 7 out of 10 people stay tuned to radio to which ever show on air. On Sunday 5 out of 10 listen to shows between 10:00 – 17:00.

2/10 doesn't even want to hear ads on radio. Music is the drive and aspiration to overcome everything. 8/10 want to hear ads that promote wellness, but in simple and attractive way. Ads must be made out of mixture of business mind and creativity. People hate long and annoying ads that end make up no sense.

Step2- collection of information

There are several market research tools to use but to get the exact people views, we took it to the streets to ask people questions. We could have used other ways like surveys, industry reports, stats or observational reports.

For convenience, we asked people questions and made sure that made our findings to be straight forward and reliable. We are 100% guaranteed that our findings are a true reflection of Radio scene in Kokstad.

Not that we don't trust other tools of market research, but we felt it for the best if we go out and engage with people. We did this to alert people about what theirs, because we doing this for Kokstad community.

Step3 – tabulate the information

The following are the findings of our research in a table for. They are 100% accurate and reliable. This reflects the true reflection of the radio scene in Kokstad. People have spoken.

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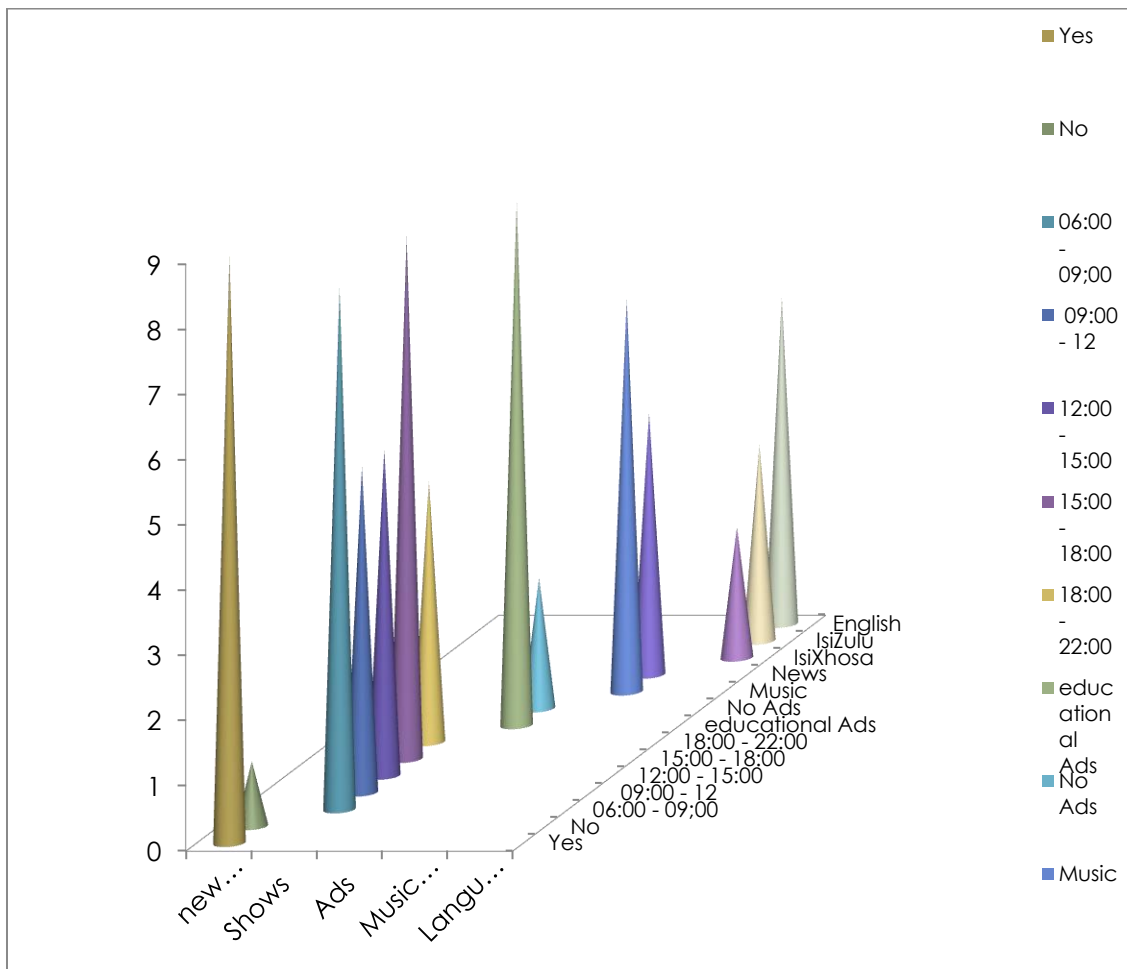
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Step4 – Analyze the information

From the information we have obtained, we have seen that most people are looking towards new radio station in Kokstad. People are overwhelmed about the very first radio station in Kokstad.

People are more into music and less of news. Music is the drive, news to inform and educational shows to educate future nation. It's important to include educational show to accommodate students that are still at high school

Radio is not all about music, educational show can even have an impact on pass rate of metric in this region. A 2hour show per day is enough to tattle at least mathematics, physics, accounting and life sciences

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Most people want to hear shows broadcasted in English, mixed with isiZulu and isiXhosa languages. It is of vital importance to send a message to people using the language they understand.

Shows that have most listenership are morning 06:00 – 09:00 and afternoon 15:00 – 18:00 shows. This is because in the morning, most people are rushing to work and school. They want a strong lined up show to inform them about things like weather, news, traffic and sport.

In the afternoon, people are tired from work and school. They need something to cheer them up. Something to ease of the stress of the day and keep them updated on what was happening during the day. Good music mixed with what is currently trending on social media.

Even though ads are the source of radio station revenue, 8/10 people want to hear educational ads that promote health and wellbeing. 2/10 doesn't want to hear ads at all. They think ads are just wasting time and are influencing them to certain product or service.

Expected Advertising income

Just like any entity, Ultra FM needs funds to keep running, in radio greater proportion of revenue is generated through advertising. We will promote peoples businesses, companies, events, products to generate revenue.

We have a highly trained marketing team to deal with sales and marketing part of this project. We are more than ready to take Advertising industry by storm in Kokstad.

Type of Ad Content	Time on air	Description	Fee	Expected income per month
Product promotion	45 seconds to 1 minute	We provide our own studio, producer and voice over artist	R4 500	R30 000 – R50 000
Event promotion	45 seconds to 1 minute	We provide our own studio, producer and voice over artist	R4 500	R20 000 – R30 000
Live read	1 minute	We edit the script if necessary	R4 500	R20 000 – R20 000

These amounts are measured on monthly basis, for example you pay R3000 to get your Ad played every morning and afternoon. We have special offers and bargains to take your business to the next level at affordable prices.

These prices are reasonable and they can be negotiated to reach a common economic and friendly foundation for both parties.

Financial projection

Radio market is regarded as an Oligopoly market. Uncertainty is the middle name of this market, but our knowledge of the industry and market will make us reach for new heights and stand out from the most.

Sales forecast

As an emerging entity, we don't have past results to review. We are going to spit our knowledge of the industry and a market as a whole.

Expenses budget

Just an over view on the monthly costs of running this entity. We have broken down costs into fixed and variable costs.

Cash flow statement

For convenience, we have done our homework as we don't have historical data to use as reference. We will show how much cash is coming in versus cash going out on monthly basis.

Break-even point

Break-even point analysis is a measurement system that is used to calculate when a project will be profitable by equating its total revenues with its total expenses.

Sales forecast

Radio is based on the idea of theatre of mind. You need to master the art of painting the picture inside the listeners mind. For an Ad to make sense, the listener must see the hidden meaning behind the

We don't have past results to review, but 3 year sales prediction. Radio market keeps on changing with time of the year, trends, seasons, climate to name just few. Other economic aspects like recession can affect radio sales.

1 st year	
Month of the year	Number of sales (example, Ads running that month)
January	11
February	11
March	12
April	11
May	12
June	13
July	15
August	15
September	17
October	15
November	17
December	21

	2 nd year
Month of the year	Number of sales (example, Ads running that month)
January	21
February	21
March	22
April	21
May	25
June	27
July	27
August	28
September	28
October	26
November	29
December	31

	3 rd year
Month of the year	Number of sales (example, Ads running that month)
January	31
February	31
March	33
April	36
May	35
June	37
July	37
August	40
September	44
October	45
November	48
December	52

Expenses budget

To keep the entity running, expenses are incurred on daily basis. Expenses vary from fixed to variable expenses. This is a snap shot of approximate figures regarding the costs of running Ultra FM from equipment to operation costs. Startup costs included.

Fixed Cost	R (±)
Staff wages	30 000
Insurance	700
Wi-Fi	500
Water	500
Electricity	500
Ds TV premiums	500
Rent	800
Fuel cost	1 500
Prepaid airtime	500
Stationary	500
	R 36 000
 Variable costs	 R (±)
Furniture	30 000
Equipment (studio, production, transmission)	800 000
Vehicles	300 000
	R 1 130 000

Cash flow statement**Expenses****R**

Phone	450
Insurance	100
Water	500
Wages	30 000
Electricity	500
Ds TV premiums	400
Car fuel	500
Wi-Fi	400

348 450

100

Sales**R**

Event promotions	20 000
Adverts	50 000
Air slot sales (for products, events, sermons etc.)	30 500
Website advertising	5 500
On air live read	15 000

121 000

Break-even point

The purpose of the break-even analysis formula is to calculate the amount of sales that equates revenues to expenses and the amount of excess revenues, also known as profits, after the fixed and variable costs are met. There are many different ways to use this concept.

Units Required to Reach target Sales = $Q = (F + Profit)/(P - V)$

Where

- F – Total fixed Costs
- P- Selling price per unit
- V- Variable cost
- (P – V) – Contribution Margin per unit

$$\therefore Q = \frac{36000 + 30000}{25000} = 36001.2$$

This milestone will be achieved by selling 36001 ads. This is approximately 3 years. ULTRA FM will cover all of its costs and start making profit in approximately 3 years.