

BUSINESS PLAN
TRACTORONE: ONLINE MARKETPLACE FOR HEAVY
MACHINERY EQUIPMENT



LEON SUVITAYAWAT

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL
STAMFORD INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
ACADEMIC YEAR 2017

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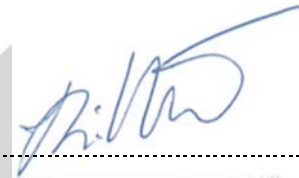
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Title: TractorOne: Online Marketplace for Heavy Machinery Equipment

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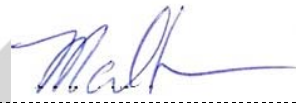
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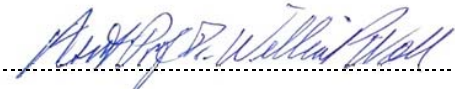
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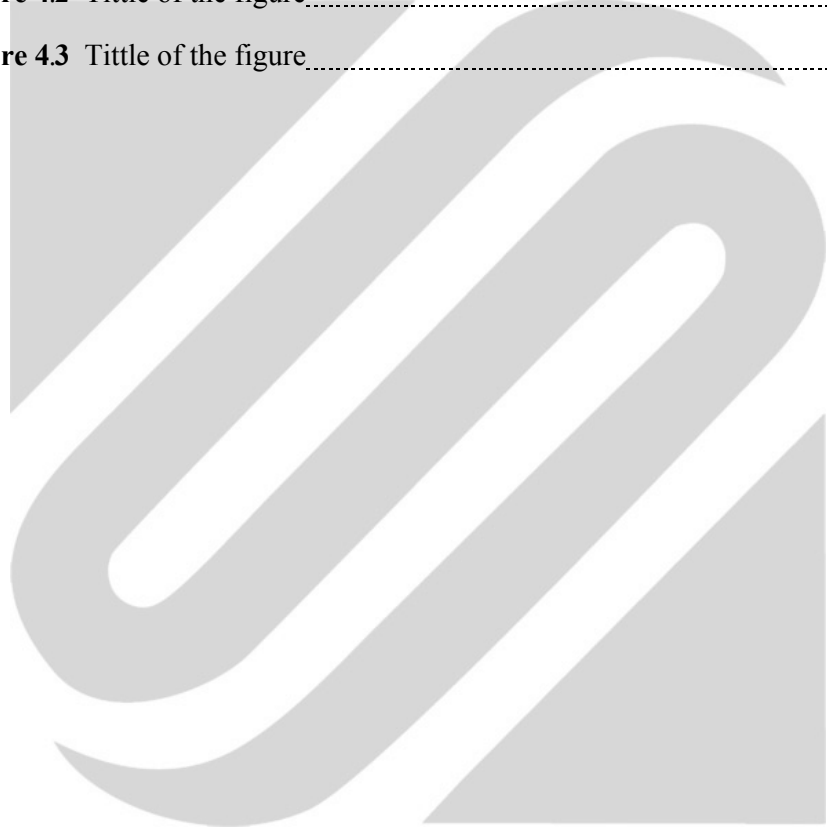
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EXECUTIVE SUMMARY

TractorOne is a heavy construction equipment trader, it intends to expand its business to e-trading by taking by creating an online marketplace. It is a family run business looking to take advantage of an unsaturated market. TractorOne believes that the time for transitioning to online is now. The internet offers many benefits such as expanding reach to target audiences, drastically increasing speed and efficiency, and improving convenience. The TractorOne website will be designed to act as a platform where buyers and sellers can interact via classifieds specific to heavy machinery construction equipment. Buyers simply create posts of their products, and sellers browse around, contacting whoever peaks their interest. Not only that, but TractorOne will strive to be a one-stop service for traders alike, providing information regarding machinery specifications as well as logistics. The timing for implementing such a concept could not be better, as the competition is currently very low and Thai government showing interest in large infrastructure development projects, such as the Thai-China Railway. The team may be small in numbers, but they are experts in their craft, understanding what both the buyers and sellers needs are.

Initial start-up costs for TractorOne is valued at THB 598,600, with monthly maintenance fees of THB 4,500. Projected sales forecast shows that expected net profit margins for years 1, 2, and 3 are -8.5%, 32.1%, and 64.1% respectively. In other words, break-even is to be achieved soon after the end of year 1.

CHAPTER 1

INTRODUCTION

Thailand is still considered a developing country which means much of its cities and suburban areas still have a lot of room for growth. Combine this with the fact that Thailand does not produce any of its own heavy machinery equipment, the result is a healthy and growing heavy construction trade industry. Before the internet and auctioneering companies, traders would have to use snail mail to send pictures and description of their product to prospective buyers. This was a slow and inefficient process, but given the technology at the same, they didn't have any other choice. Today and for the past few decades, the trading industry has primarily been dominated by auctioneers and independent traders. But what's next?

TractorOne is a trading company that wants to take the industry online. TractorOne will create a marketplace where buyers and sellers alike can interact among each other in an easy to use online platform. TractorOne intends to begin in Thailand, but due to its geographical positioning, TractorOne believes that one day it can be used to serve the surrounding countries of South East Asia as well.

CHAPTER 2

ENVIRONMENTAL ANALYSIS

This section is aimed towards analyzing the situational factors that will impact the TractorOne organization. A PESTEL analysis was prepared in order to gain a better understanding of the external factors in Thailand. In addition, a Porter's five forces was prepared to analyze the level of competition within the current industry. Next, a SWOT analysis was performed to evaluate the internal and external factors that may or may not be favorable for the organization. Finally a market analysis was carried out to further examine the organization's potential business opportunities. All of these tools were carried out for the purpose of determining TractorOne's feasibility

PESTEL

Political Factors

For most of its history Thailand has been dominated by absolute monarchs up until 1932, ever since then for the most part Thailand has been operating within the control of the military (Bunbongkorn, 2014). What this means is that even though the King remains the Head of State in the Kingdom of Thailand, the power in which the king in terms of military authority is constitutionally limited. With the passing of the Bhumibol Adulyadej many feared that there would be political instability as tensions were already high with the military coup that occurred only a few years ago in 2014. However, finally 50 days after the passing of his father, Maha Vajiralongkorn ascended to throne (Al Jazeera News and Agencies, 2016). Despite its history of political unrest, Thai government has always been supportive with the development of its country's infrastructure.

Thailand five-year infrastructure plan (2012-2016)

	Estimated Budget (Billion baht)
Highways connecting key cities	187
Development of existing railway infrastructure and new lines	298
High speed rail	481
Mass rapid transit	321
Development of road network and integrated logistics network	182
Air and water freight	149
Energy	499
Telecommunications	35
Public utilities	117
Total budget	2,270

Source: NESDB and Ministry of Finance, Mar 2012

Figure 1.2 TIR

Source: NESDB and Ministry of Finance, 2012

Table 1 is a clear representation of the Thai government's interest in developing its country, with a large percentage of that budgeting going into highways, railroads, high speed transit, and mass rapid transit, operations all of which require the assistance of heavy machinery equipment. The long term goal of improving the physical infrastructure is Thailand is connectivity. For example, improving Thailand's infrastructure means that its citizens will be enabled to move much more freely and efficiently on a day to day basis. It is common knowledge for anyone living in Bangkok or who have been to Bangkok that the traffic jams are atrocious. This means that there are countless precious hours being wasted on commute daily instead of being utilized in a more constructive manner.

Thai government is not blind to this matter and has already given the green light for the progression of the public transport in Bangkok. More specifically, the extensions of the Blue and Green line (MRT and BTS respectively), and the newly constructed Purple line. Government has also shown interest in the development of intercity motorways, Pattaya to Map Ta Phut, Bang Pa In to Nakhon Ratchasima and Bang Yai to Kanchanaburi just to name a few (Thai Government, 2016). Larger scale projects include ones that are not only intended for the development of connectivity

domestically, but also internationally. The Thai Government and Chinese Government have been trying to reach a mutual compromise regarding the budgeting for the much anticipated China-Thailand railway (Reuters, 2016). Construction plans have been delayed but I don't believe that the project will be completely terminated due to the substantial benefits it can bring in terms of the logistics. As with every nation, Thailand's political situation has seen its share of ups and downs, but nevertheless its leaders continue to show best interest for its people and its development.

Economic Factors:

As mentioned in the previous segment regarding the political attributes of Thailand, it is plain to see that it is not the most ideal in terms of stability. Despite this, Thailand's economic growth has demonstrated to be rather consistent except for a few hiccups.

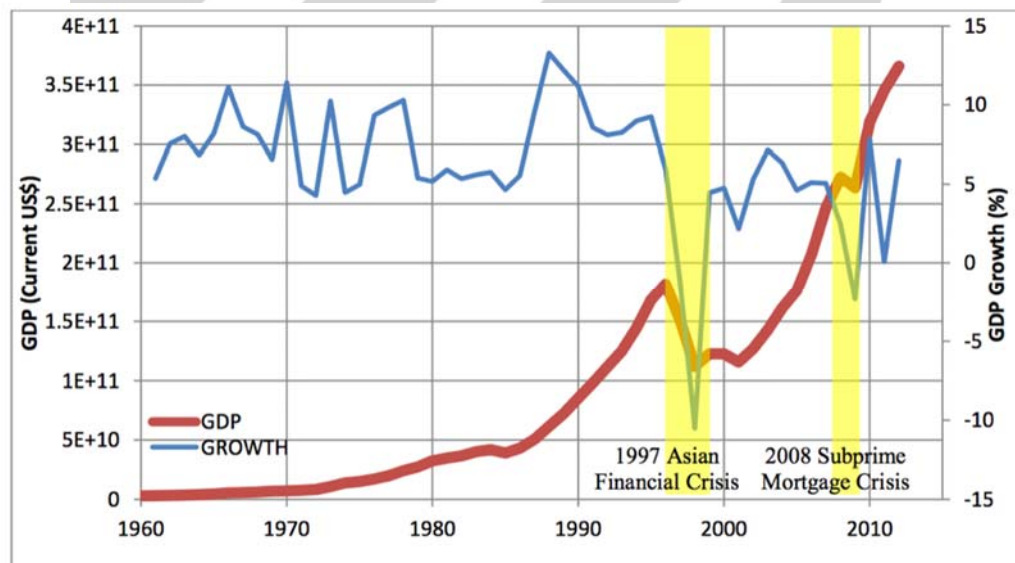


Figure 2.2 TIR

Source: NESDB and Ministry of Finance, 2012

In Figure 1, it can be seen that Thailand has seen sustained growth between the years 1980 to 1997, which dramatically helped to reduce poverty from 67% in 1986 to 11% in 2014 (Worldbank, 2016). Both of the significant lapses seen in Figure 1 were no fault of Thailand as an individual, rather an event that occurred on a more global

scale. With that said, Thailand is no longer growing at the speed that it once did, with an average growth rate of about 3.5% over the years 2005-2015 (Worldbank, 2016).

Social Factors:

The Thai population is predicted to have issues regarding its rapidly aging population. The Worldbank organization estimates that by 2040, 17 million Thais will be over 65 years or older which is more than 25% of the population. This combined with the decline in fertility rates which dropped dramatically from 6.1 in 1965 to 1.5 in 2015 spells trouble for the economic growth in Thailand. Basically there will be even more retired people than today, and even less people to support them (Worldbank, 2016).



Low R&D Investment

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public R&D Investment (mil. baht)	8,202	8,138	9,571	10,548	9,988	11,550	10,015	11,887	12,737
Private R&D Investment (mil. baht)	5,284	5,164	5,928	6,023	6,679	7,998	8,210	7,278	8,174
Total R&D Investment (mil. baht)	13,486	13,302	15,499	16,571	16,667	19,548	18,225	19,165	20,911
R&D/GDP (%)	0.25	0.24	0.26	0.25	0.24	0.25	0.21	0.21	0.23
Public/Private R&D Investment	61:39	61:39	62:38	63:37	60:40	59:41	55:45	62:38	60:40

Sources: Public R&D Investments from 2001 to 2007 are collected from the national surveys on R&D expenditure and personnel by the Office of the National Research Council of Thailand
 Public R&D Investments from 2008 to 2009 are collected from GFMIS, the Comptroller General's Department, Ministry of Finance
 Private R&D Investments from 2001 to 2008 are collected by the national surveys on Private R&D Investment by the National Science Technology and Innovation Policy Office (STI Office)

Technological Factors:

Though Thailand as a whole may still be considered as a developing country, it still demonstrates characteristics of a developed country. For example, Thailand's most developed city, Bangkok, is littered with skyscrapers, highways, shopping malls, universities and condominiums. Use of smartphones and social media is as prevalent in

Thailand as it is in any developed country across the world. With that said, the technology seen and used in Thailand is primarily exported in.

As shown from Table 2, Thailand invests very little amounts into its R&D. Thailand, despite its steadily growing economy has consistently relied on the technology, development, and licensing from foreign countries. A clear example is the automotive industry in Thailand which is one of the largest in South East Asia, producing over 1.8 million cars in 2014 alone (Southeast Asia, 2016). Despite this astounding number, there is only one Thai automobile manufacturer, Thai Rung which competes with international automotive powerhouses such as Toyota, Honda, Mercedes-Benz, BMW, etc. Similarly, and much more relevant, is in the heavy construction equipment industry where there are currently zero local companies manufacturing heavy construction equipment. This is especially important for our business plan because that means 100% of all heavy machinery equipment in Thailand has been imported, which maximizes the opportunity and need for a online trading platform. Granted that it will take many, many more years before Thailand is able to attain status as a developed country, it is certainly on its way there.

Another reason why it is a great time for TractorOne to take action is due to the significant increase in internet users in Thailand. Table 3 shows that over the last 5 years, Thailand's number of internet users have almost doubled, resulting in a population penetration of 42.7%.

Year	Internet Users**	Penetration (% of Pop)	Total Population	Non-Users (Internetless)	1Y User Change	1Y User Change	Population Change
2016*	29,078,158	42.7 %	68,146,609	39,068,451	6.2 %	1,708,982	0.28 %
2015*	27,369,176	40.3 %	67,959,359	40,590,183	15.8 %	3,739,581	0.34 %
2014	23,629,594	34.9 %	67,725,979	44,096,385	21.1 %	4,109,153	0.41 %
2013	19,520,442	28.9 %	67,451,422	47,930,980	9.8 %	1,748,813	0.43 %
2012	17,771,629	26.5 %	67,164,130	49,392,501	12.2 %	1,935,748	0.39 %
2011	15,835,880	23.7 %	66,902,958	51,067,078	6 %	896,867	0.32 %
2010	14,939,013	22.4 %	66,692,024	51,753,011	11.7 %	1,562,826	0.22 %

Figure 3.2 Internet Live Stats, 2016

Environmental Factors:

Thailand's weather and climate can be described as hot and humid for the majority of the year. Natural disasters to be wary of in Thailand are floods during the monsoon season or droughts during the dry season. The 2011 flood was described to be one of the worse floods to occur in the history Thailand, heavily damaging the country's economy, industrial sector, and of course society. The extent to the damage left by the flood can be reflected by the following numbers: 2,329 homes completely destroyed while 96,833 others partially damaged, death tolls reached up to 657 with 3 people reported missing, and as of December 2011, the World Bank estimated that damages reached a sum of THB 1,440 billion (Thai Water, n.d.). In more recent news, floods have already killed 40 people in the south of Thailand (Lefevre, 2017). This flood is currently ongoing as of January 17th, 2017 which is unexpected because the rainy season in Thailand normally occurs from July to November. Despite the unfortunate deaths, Thailand is also facing other problems as agriculture and rubber are big drivers of its economy. Players in these two industries are without a doubt expected to take hits, with a national rubber authority reporting that output would be down about 10% (Lefevre, 2017).

With respects to the business plan, heavy rain and flooding does pose a real threat because construction ceases to exist when these occurrences happen for obvious safety reasons. With road construction and similar projects being stopped to a halt, so does the trading component. Contractors have no need to buy machines when they don't have the means to use them anyways. This has been consistent in our experience at SHP Machinery and JK Machinery where sales are consistently noticeably lower during the rainy season. Fortunately rainy season in Thailand is only a couple of months, and the frequency of heavy rain and flooding is rather low.

Legal Factors:

As it commonly is with other countries, it is illegal to work in Thailand without a working permit. However, as our company consists of Thai nationals, this is not an issue. This also avoids the biggest issue many foreigners face in Thailand, which is "majority ownership". In Thailand, the majority of the company (>51%) must be owned by a Thai citizen.

Thai internet laws have become quite restrictive regarding free speech following the coup in May 2014, where many critics commented on social media about the corruption of junta (military) leaders (HRW, 2016). The strict rules were enforced to discourage false allegations directed to current Thai leaders, which may stir distress among the Thai people. Furthermore, the new bill that has been passed which enables a committee of 5 to determine whether or not a website be blocked and closed down (Connor, 2016). This should not pose any serious threats as TractorOne does not serve as a social media platform. TractorOne need only be wary of copyright or other forms of forgery as the consequences and fines of being found guilty can be severe.

Porter's Five Forces

Threat of new entrants: low

The threat of new entrants was evaluated to be low primarily due to the following reason: it is not that difficult at all to setup a website, anyone can do it. However, whether or not a successful website can be established is another matter. First and foremost to be successful as an online marketplace is having the minimum inventory to attract customers. If the website is launched but there is no machinery for buyers to browse, they would quickly lose interest. At TractorOne, we will have the assistance of JK Machinery, SHP Machinery, as well as many of the top dealers (including JSSR auction which is by far the largest auctioneering company in Thailand) to ensure a steady flow of incoming machines. Additionally, it is not only about the quantity of heavy machinery equipment, it is the quality and diversity. In the past, we have imported heavy machinery equipment from both the United States of America and Japan (the two largest heavy machinery markets in the world), as well as Canada and Australia. Once the website picks up more and more attention, other smaller dealers and individual end users looking to resell their products will add to the stock.

Competitive Rivalry: low

Competitive rivalry was evaluated to be low because there is only one competitor. Truck2hand is a website that operates similarly to TractorOne; however, as the name suggests they focus primarily on trucks though they do have some heavy machinery equipment too. The problem with Truck2hand is that the website is not

regularly maintained as its design and function is out of date. Design may be subjective, but we found that navigating around the website was not as simple as it could be. In addition, the search function doesn't work. For example, if a buyer was looking for a PC200-7 and tried looking for it in the search function, it won't work even if the corresponding machine is actually posted on the website. The only threat Truck2hand poses currently is that most traders in Thailand will know of them; brand image may not be that strong but the brand awareness is.

Bargaining power of buyers: low-moderate

The bargaining power of buyers here is low-moderate because we don't expect TractorOne to have much trouble attracting customers as it will also be providing for its own inventory. The existing pricing model is rather affordable to begin with as we do not charge customers for commission. The only situation where TractorOne would consider letting buyers bargain is for bulk purchases. For instance, if a customer wishes to purchase 10 ad slots, then we can offer 1 free.

Bargaining power of suppliers: low-moderate

As the nature of this business is service oriented, TractorOne's "suppliers" are defined as the buyers. Our suppliers simply buy advertisement space on the market platform we establish to extend their reach to their audiences. See bargaining power of buyers for more.

Threat of substitution: very low

Given the technology that we have today, it is hard to imagine a better and more efficient way of trading second hand machinery equipment other than making use of the internet. It's great for buyers as they will be able to view all the available machinery currently up for sale, while sellers can reach as much of their target audience as possible. The concept of TractorOne is actually designed to be a substitute for auctions.

SWOT Analysis

Strengths:

What distinguishes a company from the rest of the competition? Though competing companies may imitate each other's products and services, they cannot recreate human capital in the same fashion. Ultimately employees and the management team are the driving force of a company. At the head of TractorOne is Jikom Suvitayawat, who has been in the industry of heavy machinery for over 20 years. In order to be successful as a trader in this industry, one must be a specialist in the physical heavy machinery equipment, as well as understanding customer's needs. The latter may be more straight forward, something that can be achieved simply by doing enough market research. However, the former requires an enormous amount of hands on experience, as well as time in the industry as there are dozens of heavy equipment manufacturing companies who've produced thousands of products.

The management team at TractorOne have years of experience as both buyers and sellers. They have a deep understanding of what each participant is looking for in a trade. This knowledge is invaluable as it allows the team to implement the appropriate strategies they believe will accommodate the needs of both sides. The industry of heavy machinery is an old one, especially in the United States. It is much younger in Thailand, thus has yet transitioned from the older business model. TractorOne wants to innovate the way trading heavy machinery equipment is done in Thailand by moving it "online", making it more convenient for everyone.

TractorOne is designed to satisfy all customers in the related industry. It intends not only to serve as a trading platform, but also a one-stop service for heavy machinery in Thailand. This includes providing valuable information with regards to import/export regulations, information with regards to logistics (how to move heavy machinery equipment, which ports to use, trucking, estimated costs, etc), and machinery specs.

TractorOne enjoys the benefits that come along with being a family run business. The family is very tight-knit thereby establishing a very high level of trust. In addition, family run businesses tend to make decisions much quicker as they eliminate many of the processes that come with a more formal and corporate structured business. The authenticity factor is another strength of having a family run business as the history

of familiarity enables team members to be as genuine and honest with each other as much as possible.

Weaknesses:

Though the management team of TractorOne may be very knowledgeable in terms of the heavy machinery equipment, it is not strong in terms of IT. Website designed was outsourced, and all future changes or additional installation of functions will be outsourced as well. Fortunately, one of TractorOne's team members is knowledgeable enough with regards to IT to handle the maintenance and overseeing of daily operations.

Opportunities:

The largest and most obvious opportunity lies in the fact that Thailand currently does not have an online marketplace dedicated to heavy machinery. Thailand not being as developed as Canada, America, or Australia for example is still lagging a bit behind. In fact, JSSR auction (Thailand's largest auctioneering company) was only established about 20 years ago whereas Ritchie Brothers, now the largest auctioneering company in the world, has been operating for over 50 years.

In the online marketplace for heavy machinery equipment, competition is almost nonexistent with only one main competitor, Truck2Hand. However, as its name suggest, this company focuses mainly on the trading of second hand trucks though they do have some heavy machinery equipment too. Closer examination reveals that the website design and layout is out of date, with simple functions failing to work as they should. For example, the "search" function does not do what it is supposed to do.

A less obvious opportunity, but an opportunity regardless, is concerned with surrounding countries. For various reasons, Thailand serves as a regional hub for Southeast Asia. Part of this reason is due to its geographical location. It is central, yet has access to ports, specifically the Laem Chabang port which is the world's 22nd busiest port, and 3rd busiest in Southeast Asia (World Shipping, n.d.). This further emphasizes the opportunity for TractorOne to be successful not only in Thailand, but surrounding countries such as landlocked Laos, and Myanmar. The logistic costs for trading companies such as ours is lower to send a container to Thailand than it is to

Myanmar or Laos. Buyers are also aware of this fact, and thus look in Thailand for their heavy machinery equipment. By starting in Thailand, TractorOne also has the potential to become the market leader in all of Southeast Asia.

Threats:

The biggest threat that TractorOne is currently facing is the fear that customers will be resistant to accepting change. Even something that may be considered as simple as online shopping in western societies, it has only begun to pick up in Thailand. Corruption, scamming, and the like are still relatively quite prevalent thus customers may be wary and hesitant to commit to making purchases online.

The issue becomes even greater when involving high ticket items such as heavy equipment machinery, with some machines easily breaching the US \$100,000 dollar mark. Multiply this with the fact that everyone operates with a different level of honesty and trust. In a perfect world, everyone would report an accurate description of their second hand product, and set prices accordingly. However, we do not live in a perfect world. Fraud is not common, but it's not unheard of either in this industry. For example, in less severe cases, a machinery equipment may not start up as it has electrical issues. In more severe cases that significantly affect your bottom line, the machine is a complete imitation.

We at TractorOne understand how this may be as issue for prospective buyers; however, we firmly believe that online is an essential transition. The benefits heavily outweigh the risks, as it brings both buyers and sellers together maximizing their market choices. In addition, buyers still always have the opportunity to go and see the machinery equipment in person.

Another obvious threat is the threat of new entrants. It is relatively easy and cheap to set up an online marketplace. However, we at TractorOne believe that even if another company launches another website, they will struggle to be competitive. It is a very niche market and not just anybody can amass the stock necessary to make the website attractive.

Market Analysis Summary

Industry Attractiveness:

The heavy machinery business is a rather old industry, but despite this fact it will still be relevant for many years to come especially in Thailand where so many areas are still undeveloped. TractorOne aims to take this old industry and move it into a new playing field where it can continue to grow. Shopping for general commodities (clothes, shoes, etc.) in Thailand has boomed exponentially over the last several years; shopping for heavy machinery is not yet as common but is definitely on the rise given the convenience offered by using the internet. Furthermore Timetric, a leading business information service, predicts the value of the Thai construction industry to increase from US\$17.4 billion in 2014 to US\$19.9 billion in 2019 yielding an annual growth rate of 2.79%. The numbers are broken down into a number of sectors, the first and second largest being residential construction at 37% and infrastructure construction at 24.6% respectively. According to an article, “the government has initiated a THB 2.4 trillion (US\$75 billion) national development plan, aimed at the development of Thailand’s road, rail, and port infrastructure, and running up to 2022” (Hayes, 2015).

Target Market Attractiveness:

Exactly everyone who has a need to sell or purchase heavy machinery of any sort will be a customer. This includes end-users, traders, brokers, and governments. Not only will domestic customers be able to make use of TractorOne, but also those internationally. For example, neighboring countries (Cambodia, Laos, Vietnam, Myanmar, etc) may wish to purchase machines for import. This is because it will be cheaper for these countries to purchase machines from Thailand (which is one of the largest markets in South East Asia) than directly from countries like Japan and America due to the drastically cheaper transportation costs (trucking vs freight and ship). Our initial target customers will be domestic, Thailand. Both buyers and sellers alike will find using our service beneficial. From the domestic market, we foresee the rest of the ASEAN members taking part.

Currently there is no competition in terms of producing the same exact services that TractorOne intends to. However, in terms of providing similar services they too are few. First and foremost the companies that hosts live auctions. TractorOne would

have to compete for their buyers and sellers and persuade to use the online platform instead. JSSR is the biggest auctioneering company in Thailand and operates out of Bangkok, catering to about 500 machines a month. Though over the recent years they have struggled as new auctioneering companies were established. Their main competitor being SAHA Crane which operates in Chon Buri. G3 is the largest in the northern region operating out of Chiang Mai.

Another company of concern is Truck2hand, an online website that caters to classified advertisements. However, they do not do timed auctions. In addition, the search function doesn't even work, making browsing through the pages and pages of posts tedious and frustrating.

TractorOne is a company that offers all the services of its competitors and more.

CHAPTER 3

COMPANY BACKGROUND

TractorOne will be operating under the same management currently operating JK Machinery and SHP Machinery, two trading companies operating out of the United States of America and Thailand respectively.

JK Machinery has been in the business for about 30 years now and continues to see steady annual growth. It purchases heavy construction equipment such as tractors, excavators, bulldozers, motorgraders, rollers, etc. from markets primarily in the United States of America and Canada but recently Japan and Australia as well. These machines are then imported to Thailand for sale.

SHP Machinery was founded 4 years ago with the intention of providing support to JK Machinery. It allows JK Machinery to have access to land and storage if market prices are not deemed appropriate for immediate sale. In the beginning, SHP Machinery was only able to hold up to four machines at most on rented space but today SHP Machinery has grown exponentially, even owning its own land now being able to accommodate for up to 60 machines (more or less depending on the machine sizes). In addition to being a storage facility it now handles 100% of the sales. In essence, JK Machinery is the purchaser and SHP Machinery is the seller.

TractorOne will be founded under the same management of the two existing parent companies, and will be operating out of Bangkok, Thailand.

Management Profile

- **Chief Executive Officer-** responsible for TractorOne's development, direction and overall execution of the company's overall business strategies and tactics. Jikom is the founding father of JK Machinery with over 30 years of experience in the industry. He's the mastermind of it all, showing success at every turn.

- **President-** the President of TractorOne will be expected to lead new business planning activities including identifying strategic initiatives, developing operational strategies and launching new market initiatives. Champ the current CEO of SHP Machinery, has 6 years of experience working directly under the wing and guidance of Jikom.

• **Chief Technology Officer-** responsible for oversee of propriety online marketplace software, website management and technicalities. Graduating with an IT degree, Bank demonstrates proficient knowledge in web design and function. He's never worked directly with heavy machinery but the basics can be easily learned. The main selling point is his ability to handle web features and responsibilities. With the website already on the way, it was Bank who shouldered the responsibility of finding an appropriate web developing company, deciding the website features and specifications, and server management.

• **Business Development and Sales Officer-** responsible for leading TractorOne's customer acquisition activities across the marketplace as well as its global marketing and communication initiatives. Leon, psychology graduate and a current MBA student with less than 2 years in the heavy industry business. Though relatively inexperienced, demonstrates drive and passion for the business. Youth and enthusiasm is exactly what is required in acquiring customers.

Organization Chart

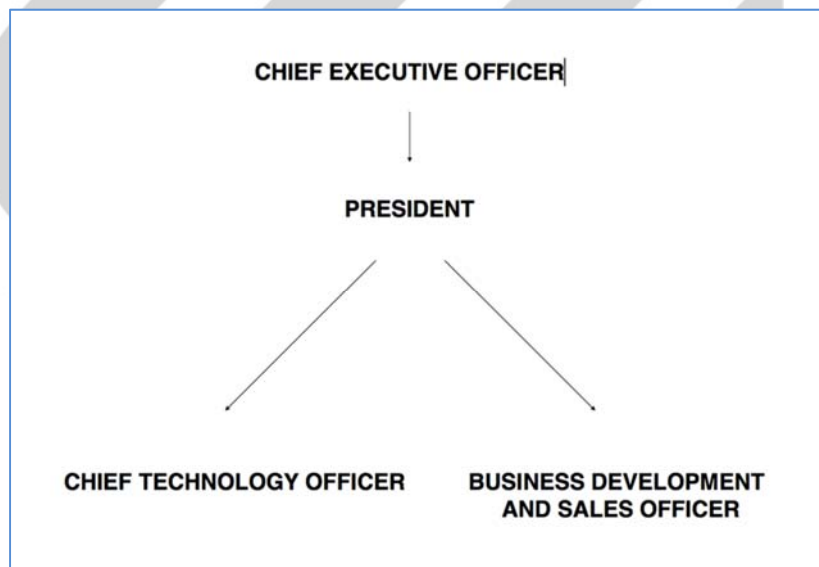


Figure 2: Organization Chart

JIKOM SUVITAYAWAT	
Title	Chief Executive Officer
Date of Birth	08/24/63
Details	<ul style="list-style-type: none"> • founder of both JK Machinery and SHP Machinery • over 20 years of trading experience • based in New York City, US

SIWAT SUVITAYAWAT	
Title	President
Date of Birth	09/01/88
Details	<ul style="list-style-type: none"> • second in command at SHP Machinery • 1 year experience working with JSSR auctions • 4 years total experience working in the trading industry • based in Bangkok, Thailand

PARIN SUVITAYAWAT	
Title	Chief Technology Officer
Date of Birth	06/02/86
Details	<ul style="list-style-type: none"> • degree in Computer Science • currently heading TractorOne web designs • based in Bangkok, Thailand

LEON SUVITAYAWAT	
Title	Business Development and Sales Officer
Date of Birth	11/14/92
Details	<ul style="list-style-type: none"> • degree in Psychology • 2 years working experience in trading, in charge of procurement in the Japanese market • undergoing MBA program

CHAPTER 4

STRATEGY AND IMPLEMENTATION SUMMARY

Vision:

To be Thailand's leading online marketplace for the trading of heavy machinery equipment.

Mission:

Our mission is to provide an online marketplace in Thailand for the trading of heavy construction equipment that is easy to use, efficient, and sustainable.

Objective:

Key objectives:

- have at least 250 listings within the first 3 months
- be Thailand's leading and choice of preference for heavy construction equipment's online marketplace by 2020

Marketing Mix

Product:

What TractorOne offers is the ability to make the trading used heavy machinery more accessible, convenient, and efficient for both buyers and sellers in Thailand. We have created a web interface where sellers can create posts of their merchandise. Posts will include basic information such as make, model, year, price and location of the item. Buyers can then visit the website and browse through the available postings, getting in touch with sellers that catch their eye. In addition, TractorOne aims to be a one-stop service. We will provide information such as machinery specs, import/export forms, tips on transporting a machine, loading tips, etc.

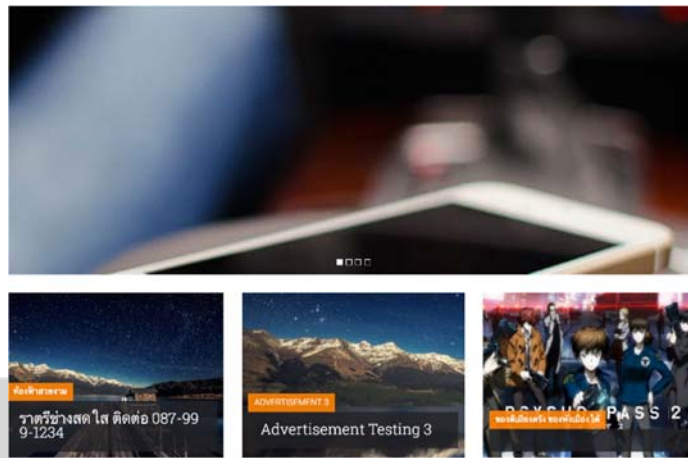


Figure 4.1:

Price:

TractorOne’s pricing model is intended to be both simple to understand and affordable for the customer. A point based system will be established where customers can directly purchase “TractorPoints” on the website and use those points to purchase primarily two types of advertisement spaces, premium and standard. TractorPoint prices are projected to be priced at THB

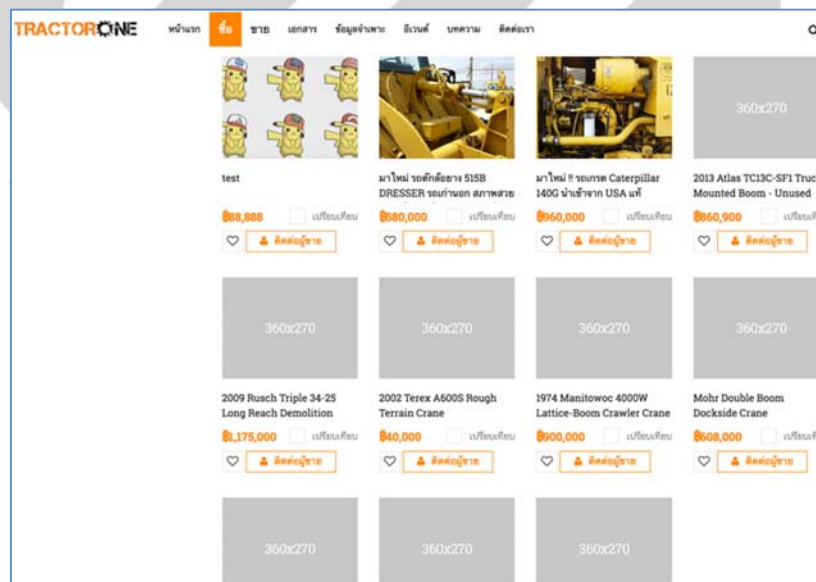


Figure 4.2:

- premium advertisement: these listings are limited in space but are the first to be shown in the listing section increasing the number of viewers that will view the ad. It will cost 250 TractorPoints per day to keep a premium advertisement active.

Place:

Access to the TractorOne website will be available on all popular web browsing programs, such as Chrome, Firefox, Internet Explorer, and Safari. TractorOne does not yet have any plans to create a mobile app; however, we do have a mobile version of the website. As long as customers are connected to the internet, they will be able to access TractorOne at any time, any where.

TractorOne's headquarters will be stationed in the same building as SHP Machinery in Nakhom Pathom, Thailand. By doing so, staff members will be able to work flexibly and smoothly between the two companies. In addition, overhead costs, supply costs, and other related costs are kept to a minimum.

Promotion:

The first step in building this online marketplace is providing enough stock to attract consumers. During the initial phases of TractorOne, stock will be provided through the existing channels of JK Machinery and SHP Machinery, in addition to our colleagues. We estimated that about roughly 30 other companies would definitely be interested in using our services, especially if we offer tremendous discounts as a grand opening just to get things started. With the combined total, we estimate easily over 300 items will be available monthly which is a great foundation to start with to attract prospective buyers to the website.

In order to further raise brand awareness, TractorOne will advertise at trading events such as the local auctions. Hundreds of buyers and sellers gather at these events monthly making this the best channel to build up brand awareness. Due to the nature of the business, we will not be incorporating strategies such as using social media, billboards, MRT + BTS advertising, etc. It's a very niche market and thus such broad advertising strategies are not justified.

Finally we plan to take advantage of the world's top search engines, such as Google. Similarly to buying a car, customers first start by putting in keywords into

Google. We need to ensure that Google recommends the TractorOne website whenever key words related to second hand equipment machinery in Thailand is searched.



CHAPTER 5

OPERATIONAL PLAN

In the beginning stages from April 2017-September 2017, primary operation plans will be marketing focused. Because it is a new business, TractorOne first needs to build up its brand awareness by trying to reach as many people as possible and let them know about the website. Day to day operations will include attending as many local auctions as possible as events like this gather the most amount of people. The auctions in Thailand are held on a monthly basis, meaning TractorOne will also have plenty of time to make door to door visits on as many of the large equipment dealerships as possible, convincing them that using its product is indeed something advantageous.

Simultaneous to promoting the company, TractorOne will also be coordinating with the web designers to constructing the final product. Trial runs will need to be performed to ensure that the website is in its optimal form, free of bugs and errors. All the functions and details that were deemed necessary should be included, as well as ensuring security of the numerous payment options (via credit card, Paypal, TruePay, etc.)

TractorOne does not want to launch an online market platform without any inventory so prior launching, an adequate amount of stock needs to be prepared for listing. This means that the roughly 30 machines currently at the SHP property, as well as the other machinery from its colleagues needs to be documented and uploaded onto the system. After the website launch, day to day operations will continue similarly with the addition of website monitoring and maintenance

Strategies	Timeframe
Launch final product	deadline: August 2017
Advertising through major auction events (JSSR, Saha Crane, G3)	attend as many auction events as possible, monthly visits before and after launch date
Advertising on major heavy machinery equipment websites in Thailand	for three months after website launch date
Acquiring base inventory for product launch	must be prepared before website launch date

CHAPTER 6

FINANCIAL PLAN

The following will give a brief introduction regarding the financial analyses that were prepared. The initial cost for TractorOne’s website construction is THB 598,600, in addition to THB 4,500 monthly for maintenance as well as THB 12,000 salary. Salary is kept at a minimum due to employees being already employed by SHP Machinery. Owner’s equity is 100%. With the combined projected sales forecast of standard ads, premium ads, and revenue from ad banners, cash inflows were estimated to be at THB 309,750 for year 1. Break even analysis shows that sales need to be upwards of THB 334,741, which means TractorOne is estimated to reach break-even point by a little over a year. For further financial analyses, see the following tables.

TractorOne		
Breakeven Analysis		
Breakeven Analysis	Dollars	Percent
Annual Sales Revenue	\$ 309,750	100.00%
Cost of Sales	-	0.00%
Gross Margin	<u>309,750</u>	<u>100.00%</u>
Salaries and Wages	161,021	
Fixed Operating Expenses	<u>173,720</u>	
Total Fixed Business Expenses	334,741	
Breakeven Sales Calculation	<u>334,741</u>	
	100.00%	
Breakeven Sales in Dollars	<u>\$ 334,741</u>	

Table 4: Breakeven Analysis

TractorOne
Balance Sheet - Year One

	<u>Base Period</u>	<u>End of Year One</u>
Assets		
Current Assets		
Cash	0	112,154
Total Current Assets	<u>0</u>	<u>112,154</u>
Fixed Assets		
Website Construction	598,600	598,600
Total Fixed Assets	<u>598,600</u>	<u>598,600</u>
Less: Accumulated Depreciation	0	119,720
Total Assets	<u>598,600</u>	<u>591,034</u>
Liabilities and Owner's Equity		
Liabilities		
Line of Credit Balance	0	18,722
Total Liabilities	<u>0</u>	<u>18,722</u>
Owner's Equity		
Common Stock	598,600	598,600
Retained Earnings	0	(20,286)
Total Owner's Equity	<u>598,600</u>	<u>572,312</u>
Total Liabilities and Owner's Equity	<u>598,600</u>	<u>591,034</u>

Statement Balances

Statement Balances

Table 5: Balance Sheet - Year One

TractorOne
Balance Sheet - Year Two

	<u>End of Year One</u>	<u>End of Year Two</u>
Assets		
Current Assets		
Cash	112,154	415,589
Total Current Assets	<u>112,154</u>	<u>415,589</u>
Fixed Assets		
Website Construction	508,600	508,600
Total Fixed Assets	<u>508,600</u>	<u>508,600</u>
Less: Accumulated Depreciation	119,720	239,440
Total Assets	<u>591,034</u>	<u>774,748</u>
Liabilities and Owner's Equity		
Liabilities		
Line of Credit Balance	18,722	18,722
Total Liabilities	<u>18,722</u>	<u>18,722</u>
Owner's Equity		
Common Stock	508,600	508,600
Retained Earnings	<u>(26,288)</u>	<u>157,427</u>
Total Owner's Equity	<u>572,312</u>	<u>756,027</u>
Total Liabilities and Owner's Equity	<u>591,034</u>	<u>774,748</u>
	Statement Balances	Statement Balances

TractorOne
Balance Sheet - Year Three

	<u>End of Year Two</u>	<u>End of Year Three</u>
Assets		
Current Assets		
Cash	415,589	1,664,300
Total Current Assets	<u>415,589</u>	<u>1,664,300</u>
Fixed Assets		
Website Construction	598,600	598,600
Total Fixed Assets	<u>598,600</u>	<u>598,600</u>
Less: Accumulated Depreciation	239,440	359,160
Total Assets	<u><u>774,748</u></u>	<u><u>1,903,739</u></u>
Liabilities and Owner's Equity		
Liabilities		
Line of Credit Balance	18,722	18,722
Total Liabilities	<u>18,722</u>	<u>18,722</u>
Owner's Equity		
Common Stock	598,600	598,600
Retained Earnings	157,427	1,286,418
Total Owner's Equity	<u>756,027</u>	<u>1,885,018</u>
Total Liabilities and Owner's Equity	<u><u>774,748</u></u>	<u><u>1,903,739</u></u>
	Statement Balances	Statement Balances

CHAPTER 7

EVALUATION AND CONTROL

TractorOne will use the following controls to monitor the degree to which its strategies are successful or unsuccessful:

Sales analysis: TractorOne's sales are a good indicator of how well the company is doing. If sales steadily grow on a monthly basis, then TractorOne should continue with regular operations, ensuring that effort and execution is optimal. However, if the sales begin to drop then steps need to be made to determine the cause. This may include strategies such as increasing marketing efforts, reevaluation of TractorOne's value proposition, and inquiring why customers may not be returning. Though some factors may be out of TractorOne's control, TractorOne needs to be at least aware of them. For example, rainy season in Thailand falls between the months of July-October so a drop in sales is to be expected as this generally is a slow period for heavy machinery traders.

market-share analysis: comparing TractorOne's market share with its competitor Truck2hand and other future competitors will help TractorOne determine its position in the market. If TractorOne shows weakness in this area, TractorOne needs to analyze the reasons why its competitors may be doing better. Strategies include visiting their website to see what strengths TractorOne should be wary of, as well as the weaknesses that may be exploited. TractorOne needs to constantly be aware of moves that Truck2hand makes in order to remain competitive.

customer satisfaction evaluation: this final factor is the most important in monitoring the progress of TractorOne. By creating customer touch points, TractorOne will be able to more accurately determine the extent to how successful or unsuccessful its strategies are. Because of the niche industry, TractorOne will be able to speak directly to customers inquiring what they like and dislike about the website and its business model.

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