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**ANÁLISE DE VIABILIDADE PARA ABERTURA DE UMA LOJA MODELO PARA  
FUTURA ATUAÇÃO EM REDE**

**FEASIBILITY ANALYSIS FOR OPENING A MODEL STORE FOR FUTURE  
NETWORK OPERATIONS**

**[TRADUÇÃO INGLESA]**

**MICHELLI JULHIAN ABEGG CEOLIN**

**CASCADEL/PR  
2022**

Michelli Julhian Abegg Ceolin

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Dissertation presented in partial fulfilment of the requirements for the degree of **Master of Science in Administration** in the Department of Administration, Western Paraná State University. Dissertation Supervisor: Dr. Ronaldo Bulhões  
Dissertation Co-supervisor: Dr. Marcelo Roger Meneghatti

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**MICHELLI JULHIAN ABEGG CEOLIN**

Análise de viabilidade para abertura de uma loja modelo com perspectiva de atuação em rede

Dissertação apresentada ao Programa de Pós-Graduação em Administração em cumprimento parcial aos requisitos para obtenção do título de Mestra em Administração, área de concentração Competitividade e Sustentabilidade, linha de pesquisa Estratégia e Competitividade, APROVADO(A) pela seguinte banca examinadora:

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## **DEDICATION**

To the love of my life, my husband Jonatas Ceolin, for walking with me, supporting me, giving me strength, motivation, affection, understanding, and love. The conclusion of this stage was only possible because you were by my side.

To my brother Scharlston Jackson Abegg, for being my source of example, inspiration, and mirror of conduct and character. I am proud to be your sister, because you are this extraordinary person. Thank you for every second dedicated to me.

I love you all!

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## RESUMO

CEOLIN, Michelli Julhian Abegg (2022). Análise de viabilidade para abertura de uma loja modelo para futura atuação em rede. (Dissertação de Mestrado). Programa de Pós-Graduação em Administração (PPGAdm) – Universidade Estadual do Oeste do Paraná, Cascavel - PR, Brasil.

O objetivo do presente trabalho foi realizar uma análise de viabilidade para abertura de uma loja de tintas com perspectiva de atuação em rede. Para verificar a viabilidade, foi realizado o estudo de mercado, a análise econômico-financeira e o planejamento estratégico. A metodologia utilizada se caracteriza como um estudo de caso. Os dados foram analisados qualitativamente para o estudo de mercado e planejamento estratégico, utilizando a ferramenta matriz *swot* e quantitativamente com auxílio do Microsoft Excel, para montagem do DRE (fluxo de caixa) que serviu como base para calcular a TMA, VPL, IL, TIR e *Payback*. Os resultados obtidos na análise dos índices financeiros comprovam a viabilidade da loja modelo em um cenário realista e otimista, sendo inviável no cenário pessimista. Com os dados e resultados obtidos neste estudo, entende-se que houve contribuição na prática para a abertura da loja em questão, além de trazer maior segurança aos investidores em relação à estruturação do negócio. Espera-se que este trabalho contribua também para estudos de redes semelhantes ou de outros negócios.

**Palavras-chave:** Gestão. Planejamento estratégico. Análise financeira. Plano de negócios.

## **ABSTRACT**

CEOLIN, Michelli Julian Abegg (2022). Feasibility analysis for opening a modelstore for future network operations. (Masters dissertation). Graduate program in Administration (PPGAdm) – State University of West Paraná, Cascavel - PR, Brazil.

The objective of the present work was to carry out a feasibility analysis for opening a paint store with the perspective of operating in a network. In order to verify the feasibility, a market study, economic-financial analysis and strategic planning were carried out. The methodology used is characterized as a case study. The data were analyzed qualitatively for the market study and strategic planning using the swot matrix tool, quantitatively with the help of Microsoft Excel to assemble the DRE (cash flow) that served as a basis for calculating the TMA, NPV, IL, IRR and Payback. The results obtained in the analysis of financial ratios prove the feasibility of the model store in a realistic and optimistic scenario, being unfeasible in the pessimistic scenario. With the data and results obtained in this study, it is understood that there is a practical contribution to the opening of the store in question, in addition to bringing greater security to investors regarding the structuring of the business. It is hoped that this work will also contribute to studies of similar networks or other businesses.

**Keywords:** Management. Strategic planning. Financial analysis. Business plan.



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## LIST OF ABBREVIATIONS AND ABBREVIATIONS

**ACIT:** Toledo Commercial and Business Association

**ALI:** Local Innovation Agents

**BIOPARK:** Scientific and Technological Park of Biosciences of Paraná

**CAU/BR:** Council of Architecture and Urbanism of Brazil

**CBIC:** Brazilian Chamber of the Construction Industry

**CNC:** National Confederation of Commerce

**CNPQ:** National Council for Scientific Development

**CREA/PR:** Regional Council of Engineering and Agronomy of Paraná

**CRM:** Customer Relationship Management

**DRE:** Income Statement for the Year

**EPP:** Small Business

**FAEP:** Federation of Agriculture of the State of Paraná

**GEM :** Global Entrepreneurship Monitor

**IBGE:** Brazilian Institute of Geography and Statistics

**IL:** Profitability Index

**INPI:** National Institute of Industrial Property

**IRR:** Internal Rate of Return

**IPARDES:** Paraná Institute for Economic and Social Development

**MEI:** Microenterprise

**MPE:** Micro and Small Enterprises

**NPV:** Net Present Value

**PAYBACK:** Time value of money

**SEBRAE:** Brazilian Support Service for Micro and Small Enterprises

**SELIC:** Special Settlement and Credit System

**SWOT:** Strengths, Weaknesses, Opportunities and Threats.

**TMA:** Minimum Attractive Rate

## SUMMARY

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## 1 INTRODUCTION

The world economy was recovering from the financial crisis experienced in 2008, when it was surprised in early 2020 by a global pandemic: the COVID-19 (GEM, 2021). This situation resulted in various health, political and economic difficulties and, if on the one hand safety controls, such as quarantine and the closing of non-essential activities, were taken in order to protect lives, on the other hand, it had a negative impact on Micro and Small Enterprises (MSEs) (Caballero-Morales, 2021; Thukral, 2021). Faced with such a situation, vaccination became the main resource for health recovery and entrepreneurship the key to economic recovery (GEM, 2021). It is considered to be the "engine of the economy" (Dolabela, 2005).

The economic impacts experienced by companies due to the Covid-19 pandemic reflected directly on the labor market, implying a significant increase in the number of unemployed people in Brazil in 2021, if compared to the previous year. In the last quarter of 2019, there were 11% unemployed, while already in the second quarter of 2021 this index has evolved to 14.1%. (IBGE, 2021). Entrepreneurial activity, which is defined as the process of conceiving and managing new businesses, plays a fundamental role in adding value to society by creating jobs and income (GEM, 2021; Ratten, 2021a).

According to the Federal Government's Enterprise Map Panel, in 2021 there were more than 18 million active enterprises in Brazil, of which 937,564 are small companies and 16,287,532 are micro enterprises. The two categories together represent 93.40% of the total number of active companies in Brazil (Digital Government, 2021). However, the highlight published in the survey by the Brazilian Service of Support to Micro and Small Enterprises (SEBRAE), with 3047 entrepreneurs, is the amount of business discontinued in a 5-year horizon, about 29% in companies of the type Micro-entrepreneur Individual (MEI), 21.6% Microenterprise (ME) and 17% Small Company (EPP) (Sebrae, 2021a).

The high mortality in small businesses is a frequent subject of debate by authors in the business area, being pointed out as a consensual factor of failure of these organizations the lack of planning (Chiavenato, 2012; Dornelas, 2018). The reasons for business closure in order of relevance are cited by entrepreneurs, who had their businesses frustrated due to the pandemic, the lack of financial resources, lack of customers, costs, poor location, and lack of market;



motivating factors that could have been mitigated through previous planning (SEBRAE, 2021a).

One way to minimize the closure of a company is the preparation of a business plan. The completion of a business plan is a path to the beginning of the journey, in which entrepreneur records the details of the future business, step by step, in order to achieve the goals, set. In this way, it allows a holistic, clear, and objective vision of the company. One of the steps of this planning involves the study of the competition, in front of that, to seek alternatives to differentiate and gain competitive advantage (Haag, 2013).

In the Business Plan, another important point is the financial viability of the business, thus preventing the company from being unprepared and ensuring planned ways to change direction, should it need to. The lack of planning of the financial aspects of the company can lead to serious problems, and in extreme cases, bankruptcy (Zdanowicz, 1998). This previous financial planning aims to discover crucial points of the new investment in relation to the investments and costs to be spent (Veras, 2007).

Starting a business without planning is similar to walking down an unknown street without the name and number you wish to arrive at. In contrast to this, the business plan can be seen as a GPS allowing one to walk down a known path, thus making it easier to reach the destination successfully (Simoneaux & Stroud, 2011). In this context, we find the company Alfa (fictitious name, which will be conducted throughout this work), a paint industry that intends to explore a new economic activity: the commercial branch. The company intends to open a network of its own stores in the state of Paraná, starting with the city of Toledo-PR, due to its proximity to the industry.

For implementation, it is necessary to verify the feasibility of opening stores, starting with the model store, which will be considered a model for the others. The unit will serve to test the products and services in order to perfect them, operationalize the store and prove its viability (Gouvêa and Okazaki, 1999). Piloting is necessary so that adjustments can be made to the model, for later replication in the next stores in the chain (Sebrae, 2017).

## 1.1 CHARACTERIZATION OF THE OBJECT AND RESEARCH PROBLEM

The research starts with a paint industry located in the state of Paraná. Considered a Small Company (EPP), it has been in the market for 13 years. Its main products are waterbased

enamel paint, graffiti and textured coatings, acrylic paint, tile paint, acrylic and putty, sealer, primer, and paints for floors and courts.

The company is installed in its own 2,000m<sup>2</sup> structure, with 15 direct employees who work in the financial/administrative, human resources, commercial, production, and transportation sectors. It has an adequate structure and is always in search of knowledge to evolve. It has currently gone through a Human Resources consultancy in labor safety and foreign trade.

Its production system is flexible, using physical resources and knowledge for the production of about 40 different products. Furthermore, the products are manufactured in several versions to reach a larger scale of markets and consumers. An example of this is the acrylic paint that has 3 versions: Premium, Standard and the Economic version, which are differentiated by the quality and performance of the product.

Regarding the marketing area, it has a specialist on staff, who creates communication materials, interacts with customers on social media and, in addition, plans the area focused on the company's marketing. It is worth mentioning that the company started its activities without any previous planning, facing problems even in the marketing area.

An example of the aforementioned problems was the issue of the brand, whose company started its activities without the concern of registering it. It worked hard on marketing to win new clients and become known in the market, an important item for shopkeepers, but also essential to be recognized by the final client so that the whole sales flow occurs. However, only after 3 years in the market that the company filed the trademark application with the National Institute of Industrial Property (INPI) and, after 2 years, discovered that the trademark was not registrable, because there was already another company with a similar name in its field of activity with a registered name.

From then on, a new process related to the brand starts: tying a name that is easy to remember, with the possibility of registration, among other situations related to marketing. It was necessary to change all its visual communication material and conquer the market again with the new brand. The new and current brand is registered in Brazil and Paraguay.

The company's performance is in the real estate paint market, supplying products to construction companies and retailers that sell for the civil construction located in the state of Paraná and Santa Catarina, besides exporting to Paraguay. The service to the clients by the

salespeople is done almost entirely online via Whatsapp®. Some in-person visits are made for negotiation and to attract new customers, but this system was reduced because of the pandemic.

After the order is placed, the work order is passed on to the other sectors so that the product can be produced, invoiced, and delivered. The delivery is made with trucks and own employees, taking the product and organizing it at the customer's store as needed. The deliveries have a route according to the region and usually occur no more than a week after the order.

This industry has customers in several regions of the state of Paraná, but in some cities close to the locations already served, it has difficulties in opening up a market. This happens because potential commercial customers are already loyal to other manufacturers and create obstacles for the entry of new suppliers. There is also the fact of large retail chains, both of construction materials and paints that, by buying a large volume of goods end up bargaining prices in the market and sacrifice the supplier industries.

The problem is precisely when the company in its delivery route passes through these cities where it does not sell or sells little and ends up losing efficiency. This difficulty has been dragging on for years, and several alternatives have been tried to solve the problem, including businesses interested in becoming customers, but depending on the location, it becomes unfeasible to meet the demand.

Given this difficulty and considering that the company studied has the capacity to increase production, a new possibility arose: the opening of its own stores to sell its products. The idea is to open several stores in the state of Paraná and act as a network, and for the beginning the proposal is to open a paint store in the city of Toledo, located in the western region of Paraná.

This project of opening stores with future performance in a network received a commercial proposal from a multinational paint industry - Partner Delta (fictitious name, which will be conducted throughout the work), including investments in cash, machinery, marketing and differentiated prices. Initially, the proposal would be to open a market in two cities, two stores per city, totaling four stores, but for this it is necessary to verify the viability of the first store in the network for later expansion.

### 1.1.1 Research Question

Given the possibility of establishing a new business, the question is: Is it feasible to open a model store in the paint business, with a view to a future network operation?

## 1.2 OBJECTIVES

### 1.2.1 General

Analyze the feasibility of opening a model store with the perspective of operating in a network.

### 1.2.2 Specific

- a) To carry out a market study in the paint segment in the city of Toledo-PR;
- b) To demonstrate the economic and financial analysis for opening the store;
- c) To elaborate the company's strategic planning considering the future performance in a network.

## 1.3 JUSTIFICATION AND CONTRIBUTION OF THE TECHNICAL PRODUCTION

Studies on traditional entrepreneurship differ to pandemic entrepreneurship, as "there is much room to create new theories and practices related to COVID-19 entrepreneurship" (Ratten, 2021a, p.12). Moreover, planning the creation of a new business at this time, in addition to increasing the chances of sustainability and success of the organization, encourages entrepreneurship and contributes to society in generating new jobs, innovation and economic growth (Liu, Qian & Haynes, 2020).

In this sense, the work is justified by contributing to a better understanding of the market and financial return of the business that one intends to open. Another contribution is the

formulation of Strategic Planning, which will guide the actions of the entrepreneur both for the opening and for helping in the management of the business through the achievement of goals.

Thus, the elaboration of this work, besides helping the entrepreneur to open and conduct the business in a sustainable way, should contribute so that other professionals and students use it as a source of consultation.

#### 1.4 DISSERTATION STRUCTURE

This dissertation is structured as follows: the first chapter presents the introduction of the subject, the contextualization of the research, presentation of the problem, the proposed objectives and justification; the second chapter presents the theoretical framework, which explores theories and concepts of the entrepreneurial process, business plan, market study, financial analysis, strategic planning, store network and the similar experiences in Brazil and in the world; The third chapter presents the methodological procedures; the fourth chapter presents the problematic situation, the data analysis, the discussions, the interpretation of the results and the presentation of the intervention proposal; finally, the fifth and last chapter presents the main results, conclusions and the final considerations of the work.

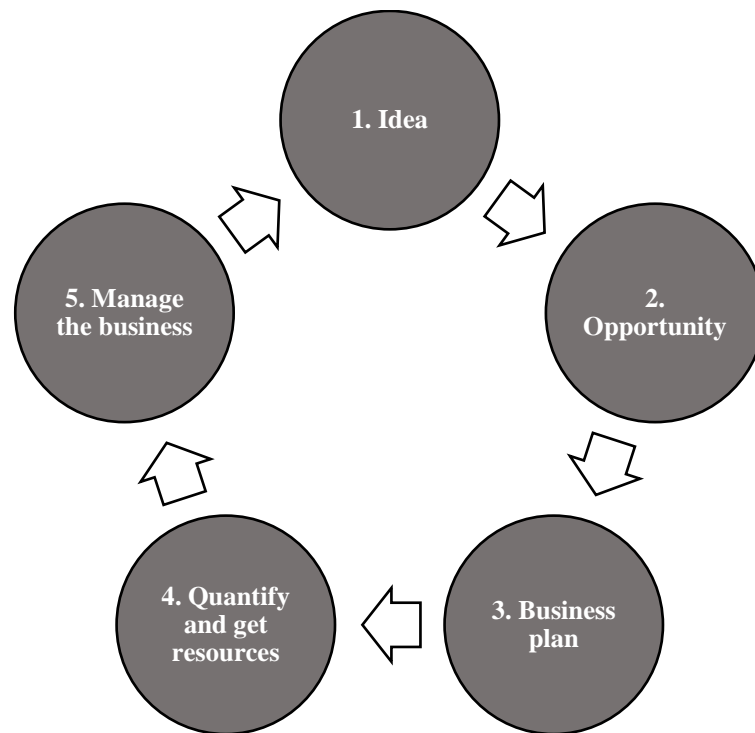
## 2 THEORETICAL AND PRACTICAL REFERENCES

### 2.1 ENTREPRENEURSHIP CONSIDERATIONS

The term entrepreneur comes from the French entrepreneur, which means: person who does not conform to status quo, i.e., cannot stand still, takes initiative and makes things happen (Chiavenato & Sapiro, 2010). The entrepreneur is not only a founder of companies, he is the one who heats up the economy, boosts talents, dynamizes ideas, and leverages resources. Entrepreneurship is seen by several scholars as the light at the end of the tunnel for the economic crisis generated by COVID-19 (Maritz, Perenyi, Waal, & Buck, 2020; Ratten, 2020; GEM, 2021). This is because the entrepreneurial profile possesses characteristics capable of dealing with environmental problems and changes, in addition, they are people willing to take risks, know market practices, and promote innovation (Ratten, 2020).

The act of successful entrepreneurship encompasses not only the creation of the business, but also knowing how to perform an adequate management, in order to maintain it with sustainability, and thus achieve adequate returns on the investments spent. In addition, it involves the routines of administration: planning, organizing, directing, and controlling all activities related to the business (Chiavenato, 2012). Also, entrepreneurship involves passion for the business, being willing to take risks, having driven, innovation, intuition, and rationality. The latter must have ample space so that the entrepreneur does not risk being driven by emotion (Chiavenato, 2012; Dornelas, 2018).

The process of entrepreneurship is cyclical, and the steps of this art are: the emergence of the idea, the evaluation of the business opportunity, the construction of the business plan, the method of quantifying and obtaining resources, and the management of the business (Dornelas, 2021), as shown in Figure 1.



**Figure 1:** Entrepreneurship process  
Source: Adapted from Dornelas (2021).

The starting point for the birth of entrepreneurship is, then, the emergence of a business idea (1). Sometimes, ideas arise to open a business in which the branch is unknown to the entrepreneur, which usually attract attention for being activities that the person likes or that apparently have a good financial return. The fact of not knowing the business immediately does not mean that it is impossible to start a new company, but from the moment the entrepreneur identifies the idea, it is also necessary to search for market information, check if it is the ideal moment, identify difficulties and barriers, to protect the idea and avoid being swallowed by future competition (Dornelas, 2018).

The ideas are analyzed to find out which of them lead to the business opportunity (2). After the opportunity is discovered, it is necessary to evaluate it, as it will avoid wasting time and resources. The evaluation, initially, can be done through the following questions: "Which market does it serve? What economic return will it provide? What competitive advantages will it bring to the business? Who is the team that will transform this opportunity into a business? To what extent is the entrepreneur committed to the business?" (Dornelas, 2018, p.68). Once these questions have been answered, it is possible to move on to understanding the business plan (3).

The purpose of making a business plan (3) is to record all the details of the future business, step by step, in order to achieve the established goals. It allows a vision holistic, clear and objective of the company (Haag, 2013). To better understand the execution of the business plan, this subject will be explored in greater detail in section 2.2 of this study.

Then, the fourth step is performed: the quantification of resources and the survey of the resources needed to open the business, among them, human resources, financial resources, materials, among others (Dornelas, 2018). This financial survey intends to discover crucial points of the investments and costs spent to open the new business (Veras, 2007).

The fifth and last stage is applicable when the business effectively starts operating, it is about the business management. It is very likely that after the opening, the entrepreneur will have a new vision about the company's performance and, therefore, new ideas will arise (1). The new ideas will be analyzed to know if they lead to business opportunity and, thus, a new cycle begins (Dornelas, 2018).

## 2.2 BUSINESS PLAN

The business plan is one of the most important factors for the opening and maintenance of enterprises, and is an essential factor in achieving business success. It is possible to verify the viability of the business, describe the strategies, operations, financial flows, and demystify the market. The business plan describes the path to be followed to achieve the proposed objectives, reducing the risks and uncertainties, foreseeing problems, anticipating solutions, and avoiding future mistakes of acting in the market (Cruz & Silva, 2015).

It is, therefore, a guide for the entrepreneur with the guidelines to be followed in the strategic management of the organization, and should be periodically reviewed and with the possibility of changes (Dornelas, 2018; Simoneaux & Stroud, 2011). In fact, planning should be done and revised infinite times, because "planning is something that never ends for a business" (Hisrich & Ramadani, 2018), serving to support the entrepreneur in decision making, becoming aware of the impacts of current decisions in the short and long term (Bianchi & Winch, 1998).

The business plan, in addition to serving as a guide for the entrepreneur, can be read by employees, potential investors, financial institutions, suppliers, customers, advisors, and consultants. Each one of these stakeholders will observe the plan according to their interests



and, therefore, the care with the elaboration in an attempt to satisfy each one of these interested parties. This will already be a training for the entrepreneur considering that he will deal with several types and groups of customers (Hisrich & Ramadani, 2018). It stands out a positive factor and quite treated in the literature: the business plan can serve to capture investments or financing, institutions evaluate the information contained in the business plan to define the feasibility in disbursing resources believing in this new business (Bianchi & Winch, 1998; Nunn & McGuire, 2010; Simón-Moya & Revuelto-Taboada, 2016; Dornelas, 2018; Hisrich & Ramadani, 2018).

In Hisrich and Ramadani's (2018) view, in developing the plan, three perspectives need to be taken into consideration. The first is the entrepreneur's perspective, he is the one who holds the main information for the business description. The second is the Marketing perspective, because many times creators plan the business from the product or technology point of view without taking into consideration who will actually consume that product, that is, the business must be planned from the perspective of the end customer. And finally, it must demonstrate a sustainable business through solid financial projections, trying to look at the business from the investors' point of view.

The business plan leads to reflection on the various aspects related to the business. This process allows actions to be taken in order to minimize future difficulties. This analysis is very positive, as it can even reveal unavoidable situations and difficulties that cannot be avoided or overcome (Hisrich & Ramadani, 2018). It is a learning process, even leading to the discovery that the business is not viable due to several factors (Nunn & McGuire, 2010) and it is better to finalize the venture on paper, thus avoiding investments of time and money (Quadros, 2004; Rosa, 2004; Hisrich & Ramadani, 2018).

Generally, a business plan for small businesses is smaller than for large organizations and averages 10 to 15 pages in length. It can be written for several purposes, as Dornelas (2018) describes: to test the feasibility of a business concept, to guide the development of operations and strategy, to attract financial resources; to convey credibility and to develop the management team.

A business plan makes entrepreneurs reflect with a critical eye on internal and external factors (Simoneaux & Stroud, 2011) so that its structure is flexible, considering the particularities of each business and having differences from one company to another. Moreover, the plans have some minimum sessions so that those reading the material can understand the

business more clearly. These sessions are organized in a logical sequence for a better understanding of how the company will be organized and the objectives, the products or services, the market in which it operates, strategies, and financial viability (Dornelas, 2018).

In addition, there are several models available to be followed by entrepreneurs that even have similarities such as Dolabela's (2005), Sebrae (2013), Hisrich and Ramadani (2018), Dornelas (2018), and two others highlighted by Dornelas (2018), Joe Hadzima's from the Massachusetts Institute of Technology - MIT: Nuts and Bolts of Business Plans and Andrew Zacharakis, from Babson College. In Frame 1 are cited the similarities found with respect to the structure and sessions of the plans.

<b>Executive summary</b> - present in the structure of all the plans analyzed;
<b>Company Description</b> - only in Sebrae's plan (2013) it does not appear as a topic; the others all have it;
<b>Market Analysis</b> - all plans bring an exclusive section for this subject, with the exception of Dolabela (2005), which addresses some market aspects in the Marketing Plan;
<b>Marketing Plan</b> - present in the structure of all the plans analyzed;
<b>Financial Plan</b> - present in the structure of all the plans analyzed.

**Frame 1:** Business plan structure and sessions

Source: Research data (2021).

Another similarity found in the described plans is that the main sections are ordered in all plans in the same sequence, being first the executive summary, then the company description, the market analysis, the marketing plan, the operational plan, and the financial plan.

Some other sections were also observed in more than one structure, as shown in Frame 2:

<b>Cover or introductory page:</b> Dornelas (2018) and Hisrich and Ramadani (2018).
<b>Evaluation or strategic analysis:</b> Dornelas (2018) and Sebrae (2013).
<b>Operational Plan:</b> only in Dolabela's (2005) and Dornelas' (2018) plans do not have this section.
<b>Risk analysis:</b> this section drew attention as only the international models included the topic in the framework.
<b>Annexes or appendices:</b> Dornelas (2018), Joe Hadzima, and Hisrich and Ramadani (2018).

**Frame 2:** Extra sections of the business plans

Source: Research data (2021).

In general, one observes that plans have a similar approach, some being more complete and others leaner. For the context of the company that is the object of this study, the items that

make up the Business Plan will be arranged in three structures: Market Study, Financial Analysis and Strategic Planning, with each structure having unfolding, as follows:

Market Study: will contemplate the products to be offered, the value proposal, the study of the demand (customers), the competitors, the suppliers, the main resources (infrastructure, human resources and capital) and the preparation of the marketing plan;

Financial Analysis: financial analysis of the business will be done through indicators such as Net Present Value (NPV), Profitability Index (IL), Internal Rate of Return (IRR) and Time Value of Money (Payback);

Strategic Planning: the company's strengths, weaknesses, opportunities, and threats will be analyzed through SWOT analysis.

These structures that make up the business plan are interconnected and interrelated, so joint analyses and reflections are necessary for the creation of the business (Terribili Filho, 2014).

### 2.2.1 Market Study

The market study is the part of the business plan in which the degree of need that society presents in relation to the good or service, whose production is to be studied, is determined.

Thus, the market study is not only the starting point of the Business Plan, but also one of its most important steps, because through it is that it determines the feasibility or not of continuing with the other stages of the study. If the market shows that there is no need for the product and/or service, it is useless to continue with the study. However, once it is verified that there is a possibility of sale, the market study will be the fundamental instrument in determining the size and production capacity, commercialization or service provision of the Business Plan, through the quantification of these sales possibilities (Dornelas, 2018). To do this, the market study needs to answer three basic questions, according to Vazzoler (2017):

- a) Who will buy the product or service? What is the geographic area where the buyers are located, the economic situation, the age range, the gender of the consumers?
- b) At what price? The market study must determine at what price the product or service can be sold, according to the competition and the quantities that can be produced.

- c) How much will you buy? The answer to this question requires knowledge of consumer demand for the product and the supply of competitors producing similar or substitute goods or services.

Thus, the market study must point out the economic classification and characteristics of the goods/services; research information regarding the radius of the business operation, market size, number of customers, potential customers, among others. The information can be obtained from databases, economic and demographic censuses, specialized publications, trade and class associations, unions, market research companies, government agencies (IBGE - Brazilian Institute of Geography and Statistics, Ministries, departments and foundations), universities, Sebrae, municipalities, periodicals, competitors, or even in market surveys (Dornelas, 2018). Likewise, use the internet for example; set up online discussion groups, send questionnaires, among others, in order to obtain primary data (Kotler & Keller, 2018).

Therefore, it is important to describe the product or services to be offered, how they are sold, the supply capacity, characteristics of the production and/or sales team, and the competitive differentials of the company. Specify the materials and raw materials used and their respective suppliers, as well as the deadline for receipt and delivery of the products. List products and/or services that you intend to supply with the company's expansion. In short, this is the moment to describe how the operations will occur within the company, as well as everything about the products, services and their differentials (Sebrae, 2013; Dornelas, 2018).

Once the product and/or service to be offered is identified, it becomes important to identify the customers. It is necessary to understand where they live, what they look like, how they live, what they do, and how they act. This information is useful for the company to promote improvements and mold to the needs of its current or future customers (Dornelas, 2018). It is essential to consider the changes in consumer behavior that currently have been impacted by the changes caused by the pandemic in retail, facilitating online operations against the closing and reduction of business hours (Ratten, 2021b).

The customer can be a group of people or organizations that a company aims to reach. Necessary, therefore, the definition of the different groups of people, audiences or organizations that a company seeks to meet and serve. Such as: Mass Market, Niche Market, Segmented Market, among others. This study is the basis for the Business Plan, since it is through this study that one can understand the specific needs of the clients to be satisfied (Osterwalder & Pigneur, 2011).

The study of competition is also done in the market study, being one of the most important steps, but also one of the most complex. This is because it involves all aspects related to the business strategy, how the company acts or will act against competitors (Dornelas, 2018). Seeking alternatives to differentiate itself and gain competitive advantage (Haag, 2013).

It should analyze direct and indirect competitors, market segmentation, the trends for the sector, suppliers, among others. It is suggested that this be the first to be prepared, because the other steps will depend on it. For a clearer presentation, it is also suggested to use tables and graphs with data and comparisons. Some questions can help in directing the relevant elements to compose the market information, such as: "What factors are influencing the market projections? What is the size of the market in reals, number of customers, and competitors? How is the market structured and segmented? What are the opportunities and threats (risks) of this market?" (Dornelas, 2018, p.142).

Knowing the competitors in this market is extremely necessary for the success of the organization. The analysis of competitors must be comparative of the company that is executing the business plan to the competitors, the points to be observed are the sales market share, the channels used, the product quality, the price, the company's internal organization, competitive advantages, among other relevant aspects, according to the segment studied (Dornelas, 2018).

Another important point in the business plan is the identification of suppliers and key resources (infrastructure, human and capital). The identification of the network of suppliers and partners who assist in the operation of the business helps in the regularity of supply, seasonality, cost of acquisition, time for the product or service to be available in the company in a way that offers more security for the venture. The main resources are those necessary for the business to function, allowing the company to create and deliver the value proposition, such as physical, human, and material resources, among others (Osterwalder & Pigneur, 2011).

In addition, an important highlight for the marketing plan, because it has five operational plans: price/product plan, promotion plan, sales plan, distribution plan and market research plan (Oliveira, 2007). These plans are aligned with the well-known 4 P's of Marketing (Product, price, place and promotion) as described in Figure 2, and also to the concept of marketing mix, they are actually the set of marketing tools used to reach the target market (Kotler & Keller, 2018). This initial market analysis is indispensable for the company to differentiate itself with its marketing mix and win over the clientele, so that the future company can operate in such a competitive market (Araújo & da Silva Moura, 2014)



**Figure 2:** 4Ps of Marketing  
Source: Kotler and Keller (2018).

In the business plan, other information can also be described such as the location, distribution channels and relationship with customers, legal structure, environmental aspects (Osterwalder & Pigneur, 2011; Dornelas).

### 2.2.2 Financial Analysis

The increasing complexity of the business world requires companies to be prepared and integrate a holistic view of the entire organization and its involvement with the external environment. In this context, the use of isolated financial techniques is insufficient for decision making in a dynamic environment. There is, therefore, the need to broaden this vision and consider corporate strategies in the financial analysis. That is, plan and manage the financial resources in order to maintain the financial and economic health of the organization so as to be able to direct the achievement of objectives and goals (Neto, 2014).

Financial planning prevents investors from undesirable surprises and from making emergency plans to solve unforeseen problems. Even the lack of this preparation is one of the factors that leads to the mortality of companies (Zdanowicz, 1998). Financial planning is

necessary to verify the financial feasibility of the business and its proportional financial return (Dornelas, 2018).

To perform the financial analysis, it is important to prepare the Fiscal Year Income Statement (DRE), in which revenues will be projected, as well as variable and fixed costs, and the result will be calculated from which the analysis of the indicators will be made. The DRE, in cash flow form, must be detailed monthly for a minimum horizon of three years (Dornelas, 2018)." A Cash Flow statement will show for each month when you think you will pay your bills and when your income (money) will come into the business" (Nunn & McGuire, 2010, p.12). Once the Cash Flow is assembled, it is possible to make the calculations to evaluate whether the business and/or investment will be viable or not.

The financial analysis is done individually, since it is based on the objectives of each organization. Such objectives are usually directed to the satisfaction of the financial return on investment to entrepreneurs or investors, or else, some more comprehensive parameter such as social welfare. When the objective is the financial return to entrepreneurs, "the operating benefits produced by the company are expressed on the basis of cash flows and discounted to present value using a minimum rate of attractiveness. That is, this rate is the minimum remuneration established as an objective by the investor in face of the risk assumed (Neto, 2014, p.19).

To perform the financial analysis, it is necessary to take into account the discount rate, known as the Minimum Rate of Attractiveness (TMA), which is used in comparisons and analysis on the expected return on investment. Generally, the TMA is defined by investors taking into consideration the costs of funds obtained from third parties, the economic indices, and the investment risks (Sviech & Mantovan, 2013).

To decide whether the business is viable or not, considering expected return versus investment risk, investment analysis rules are used, such as: Net Present Value (NPV); the payback period method; the Internal Rate of Return (IRR) and the Profitability Index (IL), calculated based on the chosen TMA (Souza & Clemente, 2008; Braga, 2010; Ross, Westerfield, Jaffe, & Lamb, 2015).

The NPV is calculated considering the difference of the present value of the net cash benefits of each period and the present value that was disbursed to make the investment. The NPV will express the updated economic result, not the profitability of the investment directly. To perform this analysis, it is necessary to establish the TMA to be used in the cash flows,

which must be defined by the investor (Daltro da Fonseca & Leal Bruni, 2010; Neto, 2014). The rule of generalist analysis suggested by Ross et al., (2015), points out that one should accept a project if the NPV is greater than zero and reject a project if the NPV is less than zero

The Profitability Index (IL) is the result of dividing the present value of cash flows by the initial amount invested (Ross et al., 2015). This index indicates, at present value, how much return the investment can offer for each monetary unit invested. To make a decision based on the IL result, three possibilities are considered: if the IL is greater than 1, the project must be accepted; if the IL is equal to 1, it is also considered an attractive investment since it will remunerate the entrepreneur within the TMA; however, if the IL is less than 1, it must be rejected since it is not attractive. (Neto, 2014).

The Internal Rate of Return (IRR), which is also known as IRR, short for Internal Rate of Return, represents the moment when the investment made returns in full, i.e., reaches moment zero (Neto, 2014). Still, IRR is the rate that makes NPV equal to zero. The project will be viable if it presents an IRR greater than zero (positive); if it is equal to zero, there is the balance of the project, but if it is negative, it must be considered unfeasible. The IRR criterion also says that a project is viable if its IRR is equal to or greater than the TMA or the opportunity cost of resources for its implementation.

The payback period, defined in Portuguese as return or recovery of investment, is precisely the determination of the time required for the value of the investment made to be recovered. It can be calculated in two ways, the average and the effective payback, and if the two cash flows of the calculations are equal, the results will be identical.

For decision making, the company must accept or give up the investment, the payback analysis must be compared with the limit established as standard for the return of the investment made. Since this term is subjective in the literature, then each company must establish the maximum term that aims to recover the investment made, taking into account the longer the term of return on capital invested, the greater the risk to investors (Neto, 2014). It is also not enough to simply verify the viability of the business and forget what was projected.

Planning must be carried out and follow up what was planned, because we are in a volatile market, changes can happen suddenly and the entrepreneur needs to adjust what was planned (Daltro da Fonseca & Leal Bruni, 2010).



### 2.2.3 Strategic Planning

The strategic analysis should be rational and subjective, thus enabling to assist the understanding of the current situation of the organization and the ways to achieve objectives and goals proposed by it. The strategic planning process begins by defining the company's mission and vision, subsequently by analyzing the internal and external environment, defining objectives and goals, and ends with the adoption of business strategies (Kotler & Keller, 2018; Dornelas, 2018).

**Mission** - It is the description of the reason for the existence of the organization (Chiavenato, 2012; Oliveira, 2007; Chiavenato & Sapiro, 2010). Defined based on the need that the organization will satisfy the public served and not related to the product or service offered, so that it can define a personality of its own for the organization, its effectiveness is achieved when it can transmit a sense of stimulus, inspiration and revitalization to stakeholders (Chiavenato & Sapiro, 2010).

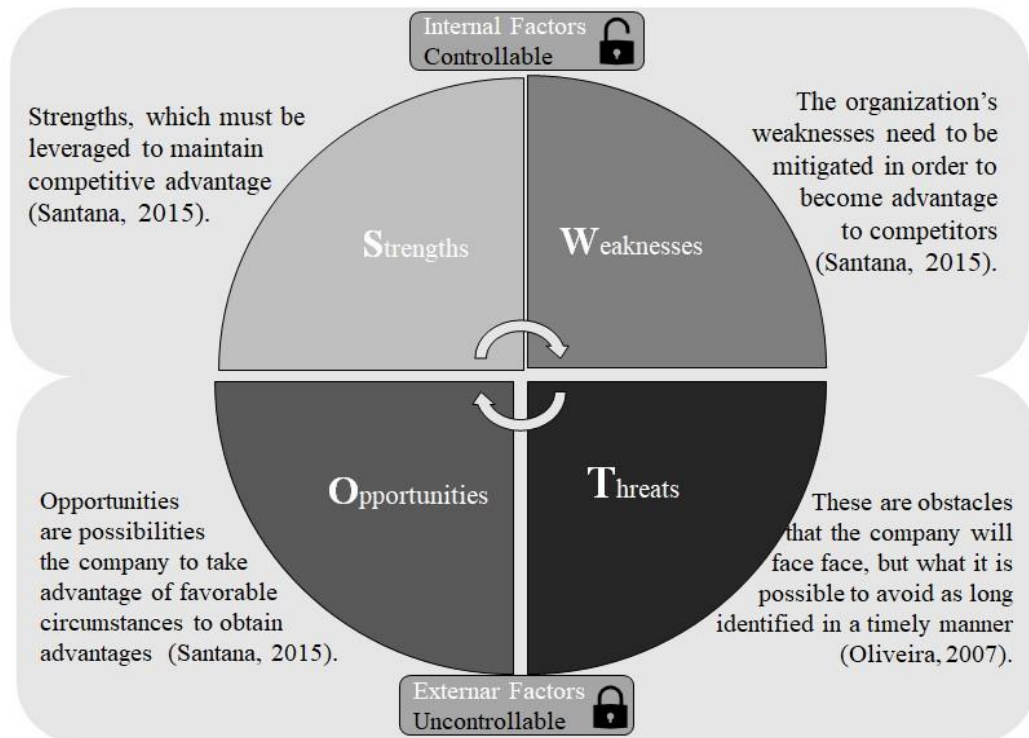
The mission statement should have five main characteristics: concentrate on a limited number of goals, have a focus on core company policies and values, define the main competitive spheres that the company intends to operate in, have a long-term vision, and be short, memorable and meaningful (Kotler & Keller, 2018).

**Vision** - the vision description is the long-term definition of where the company is intended to go, therefore, focused on the future and the destination. This definition allows, based on the vision, that the objectives and goals of the organization are established (Chiavenato, 2012).

After defining the reason for existence and what is the aspiration to be followed by the organization, it is necessary to analyze the environment in which it is inserted to draw the strategies in order to fulfill its mission and achieve the vision. The analysis of the internal and external environment where the company is or will be located becomes primordial to obtain a macro vision that will facilitate decision making. This analysis aimed at guiding the company's strategies can be done with the help of tools (Dornelas, 2018).

One of the most widespread tools in the literature is the SWOT Matrix, which is the abbreviation of the words Strengths, Weaknesses, Opportunities, and Threats. The SWOT Matrix is used all over the world, and can be of great use in all organizations (Daychouw, 2007; Nunn & McGuire, 2010). The schematic model used to perform the analysis of the internal and

external environment is separated by 4 quadrants, with the upper ones referring to the internal environment and the lower ones to the external environment, as shown in Figure 3.



**Figure 3:** SWOT Matrix

Source: Adapted from Doshier, Benepe, Humphrey, Stewart & Lie (1960).

The SWOT Matrix is peculiar to each organization and is used by small, medium and large companies. Thus, a company's characteristics can be both strengths and weaknesses, and they can change over time according to the facilities and difficulties provoked. Unmet needs, on the other hand, can be considered opportunities, such as increased purchasing power, customer growth, credit availability, as examples of growth opportunities for organizations. On the other hand, threats may be changes in consumption patterns, new substitute products in the market, and reduction of customers' purchasing power (Daychouw, 2007).

The internal analysis is performed by listing the organization's strengths and weaknesses, highlighting its best features and maximizing and detailing some points that still have weaknesses and need to be improved or minimized. The external analysis, on the other hand, are uncontrollable environmental factors that the organization must be aware of, reviewing frequently in order to take advantage of opportunities and minimize the effects of threats (Dornelas, 2018).

Finally, in strategic planning it is necessary to establish objectives and goals, really extracting what the company wants to achieve. It is important to be formalized so that it is

possible to measure, compare, and evaluate them against what is proposed. The objectives are general intentions of the company to reach the established path, while the goals are measurable and should establish the company's steps to achieve these objectives (Westwood, 2007; Dornelas, 2018).

Strategies indicate how the organization will achieve the objectives and goals. They can be defensive, aiming to maintain existing customers; developmental, with the purpose of offering more options to customers; attacking, with the intention of expanding market share by winning more customers (Dornelas, 2018).

After verifying the economic and financial viability of the company in question and opening the first store, a network of stores will be implemented, at first in the western region of Paraná, with subsequent expansion to the southern region of Brazil.

### 2.3 STORE NETWORKS

To reach the retail market serving the final consumer, most products go through intermediaries related to a supply chain, which is formed by all those involved in the process from the raw material supplier to the store responsible for selling the products. There are several flows that take place between these participants, the information, product, service, financial, and knowledge flows. These flows must be integrated and aligned to ensure efficiency, effectiveness, relevance and sustainability, with the goal of generating value to customers from the perspective of economic value, market value and relevance (Bowersox, Closs, Cooper, & Bowersox, 2013).

Most of the time manufacturers do not market their products directly to end customers; they have intermediaries such as facilitators, representatives and traders. The facilitators are the carriers, independent warehouses, marketing agencies, banks, among others, and they support the distribution process and have no rights over the products. The representatives, on the other hand, seek customers and negotiate on behalf of the manufacturer but also have no rights over the product, and these can be brokers, sales representatives, manufacturers' representatives, and so on. And merchants are the wholesalers and retailers who acquire rights to the products and resell them to the end consumer (Kotler & Keller, 2018).

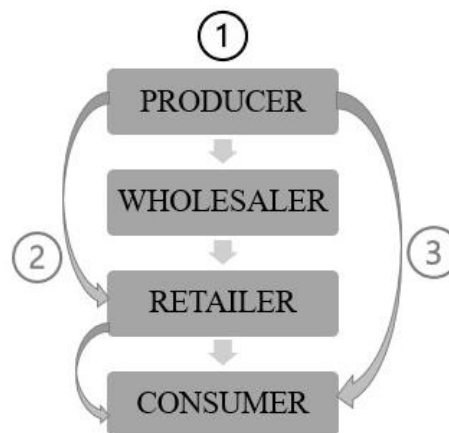
This integrated view began after the start of the Industrial Revolution, this is when managers had the understanding of the need to work together with the companies participating

in the supply chain to achieve lasting success. This understanding of no organization being self-sufficient came in handy with previous concepts of vertical integration, with the dependence between companies in the chain being known as distribution channels (Bowersox et al., 2013).

The renunciation of some services by industries to intermediary companies happens due to the lack of financial resources, because the costs to have own stores is high, for practicality, specialization and scale of operation. In this transfer of functions to intermediaries, industries end up reducing costs, however, these intermediaries need to have a margin to afford their work (Kotler & Keller, 2018).

So, if the intermediaries optimized in a way to be more efficient than manufacturers did, the price of the products offered to the market would be lower. In short, channels and their participants must organize themselves in such a way that they combine or separate functions to offer product variety to customers efficiently (Kotler & Keller, 2018).

The number of intermediaries in the process depends on each organization, with the manufacturer and the final consumer being present in all channels. Figure 4 simplistically represents the extent of distribution channels for consumer goods.



**Figure 4:** Forms of intermediation  
Source: Own Elaboration (2021).

Factories can establish a relationship with wholesalers, who sell to retailers and market the products to the final consumer (Form 1). The role of the wholesaler can be absorbed by both the producer and the retailer; thus, they establish direct contact (Form 2). In form 3, the contact is made by the producer directly with the final customer, thus eliminating the other intermediaries. In this case, companies use this form to understand the experience for the consumer and test product possibilities or to reduce dependence on retail stores (Guidolin, Costa, & Nunes, 2009).

The conventional distribution channel is formed by independent companies, aiming to maximize their own profit without considering the other members and no participant obtains control over the others. Besides the conventional one, one finds in the literature the vertical, horizontal and multichannel systems (Kotler & Keller, 2018).

The Vertical System is formed by the manufacturer and other wholesalers and retailers acting in a unified way. They possess characteristic to the conduction of the system by one of the members, to the owner of all the stages or possess a superior power making all cooperate with him. This member coordinates the channel, persuading the members so that the actions happen in a beneficial way, and this type of system is still divided into corporate, managed and contractual systems (Kotler & Keller, 2018).

The occurrence of various forms of networks is addressed by Kupfer (2013), in particular the so-called networked firms, networks of firms, and networked industries. He clarifies that networked firms are associated with intra-organizational formations that are structured as an evolutionary unfolding of the multidivisional firm, due to new information-telecommunication technologies. On the other hand, network industries are related to infrastructure segments, with interconnection and alignment among production units. And finally, the clarification of business networks, referring to inter-organizational networks that are formed, most often, by virtue of cooperation between independent companies.

The emphasis of this dissertation work will be for the intraorganizational network firm (Kupfer, 2013), with a corporate system, which the combination of channels is done under the command of a single owner (Kotler & Keller, 2018). This type of organization "involves everything from large retail groups (in corporate networks or marketing conglomerates) to smaller companies" (Guidolin et al., 2009, p. 25). The example of the Sherwin-Williams company and the Spanish clothing company Zara (Blombäck, Wigrenkristoferson & Wigrenkristoferson, 2011), which have adopted this system of manufacturer and also operating their own paint stores (Kotler & Keller, 2018).

## 2.4 SIMILAR EXPERIENCES IN BRAZIL AND IN THE WORLD

Models of paint retail chains can be seen around the world, as is the case of the multinational Jotun, which began by opening a paint store in 1920 in the city of Sandefjord in Norway, focused on marketing products for maritime activities. As sales increased, the founder identified an opportunity to manufacture his own products and acquired the first paint industry in 1926. Since the end of October 2021, the company is a worldwide reference in the field of decorative paints and marine coatings, protective and powder coatings. It has 37 industries and leads the retail world with over 9,000 installations of its coloring system in over 100 countries (Jotun, 2021).

A 2017 survey conducted by Chain Store Guide displayed the five largest paint store chains in North America, as per Figure 5.



**Figure 5:** Largest paint retailers in North America  
Source: Chain Store Guide (2017).

Sherwin Williams' stores stand out. In 2017, they had 4,174 units in their network, according to the Chain Store Guide survey (2017), and updated data show that the company has already made a significant leap. In October 2021 it had 4,770 stores, located in the United States, Canada, the Caribbean, and Latin America. The company manufactures and distributes its own products, with 137 manufacturing and distribution points. Then, in addition to having its own stores, it resells its products to other retailers, being present in over 120 countries

(Sherwin Williams, 2021). In 2016, the company bought the manufacturer Valspar and became the largest paint company in the world (Folha de São Paulo, 2016).

Research on network performance in Brazil "is usually little studied, when it is, it is focused on studies focused only on the hyper and supermarket format business, studies focused on the food business" (Ferreira, 2014, p. 126). Observing the ranking of the 10 endowed networks with the highest revenues in Brazil are: in first place, Carrefour; in second, Pão de Açúcar; in fourth, the Big Group. These companies sell food products and are still references in retail networks in surveys. Following on from this, department stores, furniture, electronics and home appliances companies also stand out in the ranking: in third place Via varejo; in fifth place Magazine Luiza; in sixth place Lojas americanas; in tenth place Havan. Besides these, the Raia Drogasil chain appeared in seventh place, O Boticário Group in eighth, and Lojas Renner in ninth (Ranking Ibevar, 2020).

In the construction business, there is a Brazilian chain of stores called Telha Norte, which started its activities in 1976 in the city of São Paulo with the shareholding of two people. The company sells products for construction such as floors and coatings, doors and windows, hydraulic and electrical material, paints, tools, among others. In 2000, it was acquired by the multinational group Saint-Gobain, responsible for 350 years of history, more than 167,000 employees. It is present in 70 countries, with more than 4,000 points of sale in addition to e-commerce. In Brazil, the company operates in the states of Paraná, Minas Gerais and São Paulo and currently has, in addition to sales in social media, 79 physical points of sale (Ferreira, 2014; Saint-Gobain, 2021; Telhanorte, 2021).

In Paraná, Tintas Darka stands out in the paint segment. It started its activities in 1989 with one store in the city of Goioerê. Seven years later, it started its expansion process with the opening of a store in the city of São José dos Pinhais, also located in the same state. Today there are 31 stores, 29 in the state of Paraná and two in Santa Catarina (Tintas Darka, 2021). Another prominent chain in the South is the Verginia paint chain, which started its activities in 1991 and today has 28 stores in Paraná and 3 stores in Santa Catarina (Tintas Verginia, 2021).

In addition to the networks of their own stores, some companies with the progress of business expansion move to the franchise system. This is the case of MC Paints, a family company that started its activities in 1964, considered the largest paint retailer in Brazil. The company had more than 50 paint stores of its own when it decided to start the franchising

process. Today it has 134 stores between its own stores and franchises and is present in 10 Brazilian states (Portal Do Franchising, 2021).

Pinta Mundi Tintas, a family business, started its activities over 30 years ago. In mid-2010 it began the expansion process, and in 8 years 8 company-owned stores were opened. Based on this progress, the company's owner sought help to structure the business and start resale franchises. By the end of October 2021, the company had more than 70 stores in 9 states and in more than 30 cities (Portal Do Franchising, 2021; Pequenas Empresas Grandes Negócios magazine, 2021).

The trajectory of large retail chains shows similarities, starting as small and family businesses, they advance with the professionalization of management, in some cases, involving new partners and the departure of family members, expanding the number of stores, either by buying existing stores or opening new ones, or even being incorporated by large companies. In this way, they start to seek new forms of commercialization, standing out in internet sales. They also act similarly after expansion, investing capital in the stock market, increasing their revenues and market share.

The two Brazilian paint store companies mentioned above, Darka paints and Verginia paints, started with their own stores and then started franchising their businesses. They are family companies that started with one store, worked in the industry, gained experience in the type of business, and saw that through know how, they could multiply their success through franchised stores throughout Brazil.



### 3 METHODOLOGY

#### 3.1 RESEARCH DESIGN

This research is characterized as applied research, aiming at generating knowledge for practical application and directed to solving a specific research problem (Da Silva, & Menezes, 2005). It will be carried out through a descriptive approach, since it intended to "observe, record, analyze and correlate facts and phenomena (variables) without manipulating them" (Cervo & Bervian, 1983, p. 84).

The delimitation of the research was a case study, in the sense of knowing the business environment in which the company would be inserted. This type of research is common in applied social sciences, where studies are conducted on organizational and administrative processes and the maturation of industries (Yin, 2015).

The quantitative technique was necessary in order to obtain the economic and financial analysis for opening the store, because only qualitative data could bring false impressions of the impressions experienced (Eisenhardt, 1989). The use of this data, is focused on objectivity, considering the understanding of the raw data that is analyzed in a standard way and with neutrality with the help of instruments (da Silva & Menezes, 2005).

#### 3.2 DATA COLLECTION PROCEDURES

With the bibliographical reference it was possible to compose the survey of published theories on entrepreneurship, business plan, market analysis, financial analysis, strategic planning, networks, and the experiences in Brazil and worldwide, being topics that make up the theoretical reference, serving as a basis for this study. The search was carried out in October 2021 in databases of theses and dissertations, articles, newspapers and magazines, as well as searches in university websites. The bibliographical review aimed to support this research by means of previously published works, bringing subsidies for the knowledge about what is being researched (Bocato, 2006).

The data to compose the financial analysis were collected from suppliers, service providers, government agencies, and investors in the period between November 23, 2021 and

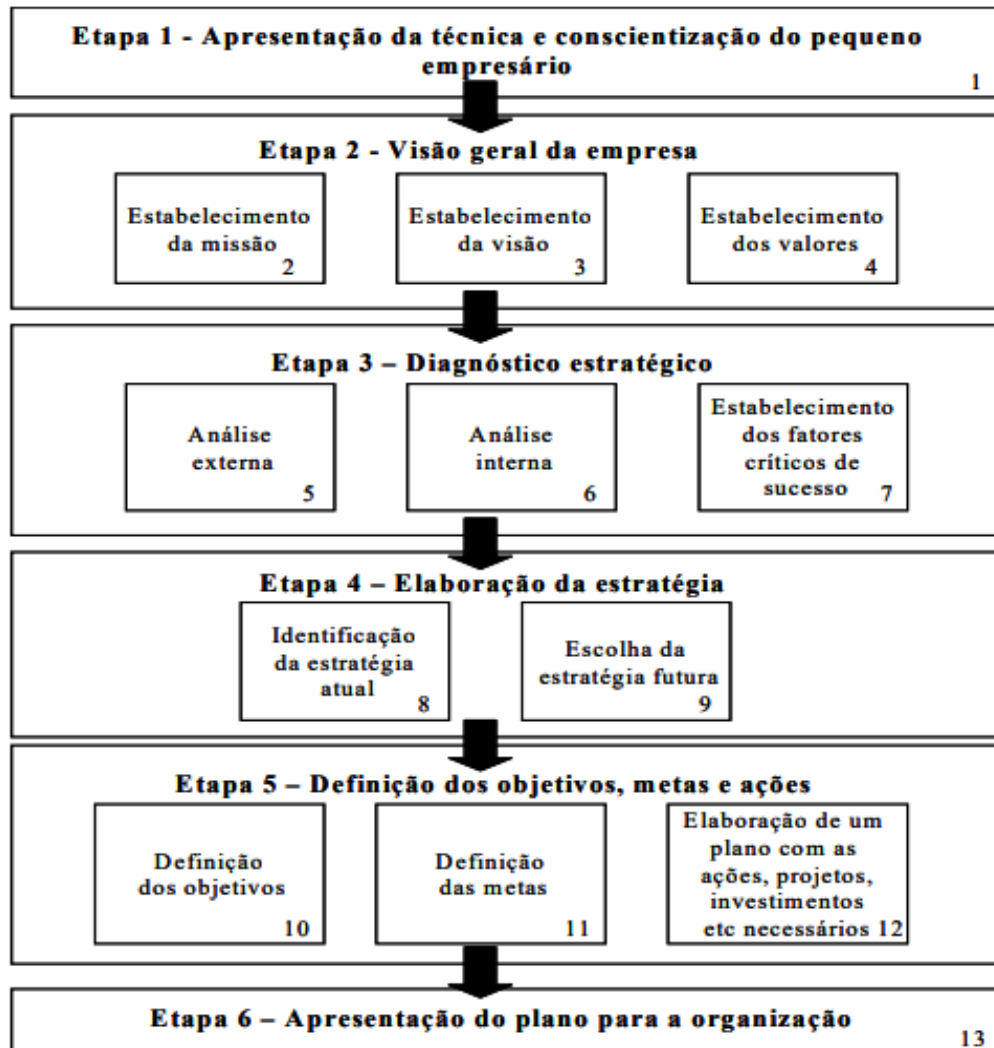
January 3, 2022. Since this is still a start-up company, some data had to be estimated by the owner based on his market experience in the commercial paint business. Other data such as rent, accountant, tax charges, electricity, water, and power, were researched personally or based on internet searches to compose the cost forecast.

To carry out the market study, direct observation was necessary, as well as the analysis of documents obtained from the internet. The research was done in databases of the IBGE, IPARDES - Paraná Institute for Economic and Social Development, Municipalities, Associations, websites, and social networks.

The collection of competitors' data was carried out between September 9th and September 20th, 2021 and had the objective of verifying the processes carried out by the competitors, price policy, customer service, payment methods, among others. To identify the competitors' market positioning and marketing strategies, information was gathered from the internet, documents, social media, and direct observation during in-person visits.

Subsequently, data collection from suppliers was performed by documents found on the internet and in email/whatsapp contact directly with the companies between November 25, 2021 and January 14, 2022. Only the customer data that was entirely from information obtained over the internet, from government websites, social networks, websites of professionals in the field of civil construction, among others.

The data collection for the construction of the strategic planning was based on the Terence's (2002) script, which was created with the purpose of assisting in the elaboration of the strategic planning of small organizations, according to the steps described in Figure 6. The collection was carried out in meetings and by direct observation.



\* This image isn't translated so as not to lose the quality and originality of the font.

**Figure 6:** Roadmap for the development of strategic planning in small businesses

Source: Terence (2002).

Stage 1 took place in a meeting format, held on January 15, 2022, at Industria alfa's headquarters, with the future business owners. Steps 2, 3 and 4 took place on January 29, 2022, in the same format as the first step, excluding activities 7 and 8, as they did not fit or could not be defined because it is a future company.

To carry out steps 5 and 6 the SWOT Matrix was used as an instrument, in order to detail the internal and external environment. The SWOT Matrix is considered the most widely used in strategic planning, including internationally, allowing to explore internal and external information of the organization to then select and implement the strategy, going in search of the achievement of the organization's objectives (Basset, Mohamed, Sangaiah & Jain, 2018).

Steps 10, 11, and 12 were held on February 5, 2022, also in a meeting format. In addition

to the aforementioned meetings, several times conversations were held via whatsapp, phone calls, and video calls, with the purpose of collecting data that remained incomplete or doubtful. Finally, on February 9th the last meeting was held in order to fulfill step 13, which was the presentation of the plan to the entrepreneurs involved.

### 3.3 DATA ANALYSIS AND PROCEDURES

The data collected were analyzed qualitatively and quantitatively in January, February, and March 2022. To facilitate the visualization of the methodological procedures of data analysis aligned with the objectives of this research, Frame 3 was proposed:

<b>Objectives</b>	<b>Data Analysis</b>
Do a market study in the paint segment in the city of Toledo-PR.	Qualitative analysis, organization and analysis of data from customers, competitors and suppliers - Microsoft Excel.
Perform the economic and financial analysis for the opening of the store.	Quantitative analysis with the aid of Microsoft Excel - assembly of the DRE (cash flow) that served as a basis for calculating the TMA, VPL, IL, TIR and Payback.
Elaborate the strategic planning of the company.	Qualitative analysis, using Terence's (2002) script and the SWOT Matrix tool.

**Frame 3:** Objectives and their methodologies  
Source: Research data (2021).

The data analysis aimed at meeting the specific objective (a), was derived from the qualitative analysis of external data such as customers, competitors and suppliers. The organization of the data after collection, as well as the comparison and analysis were performed using Microsoft Excel.

The second step, in order to achieve the specific objective (b), was the analysis of the financial data quantitatively with the help of Microsoft Excel to discover the viability of the business, assembling the DRE (cash flow) that served as a basis for calculating the TMA, VPL, IL, TIR, and Payback.

Finally, with the purpose of elaborating the company's strategic planning, set forth in specific objective (c), the data collected through meetings and direct observation was analyzed. The analysis was qualitative, using Terence's (2002) script and the SWOT Matrix tool.

### 3.4 PROFESSIONAL COMPETENCIES EMPLOYED IN SOLVING THE PROBLEM

The experiences of professional life, combined with the experiences of academic life, will contribute to the preparation of this research. A good part of the author's professional career has been dedicated to corporate customer service, which has broadened her vision of the practice of business.

The period of approximately six years dedicated to a credit cooperative, working with corporate customer service, sometimes accompanying entrepreneurs since the company's foundation, offering solutions for receivables, granting credit, raising investments, payroll, among many other products and services of the institution. Still, witnessing the failure of some ventures, due to lack of planning, anxiety, lack of strategy, among others. However, also attending firm associates and examples of successful entrepreneurs. That said, it was possible to understand failures and successes in organizations, experiences that will serve for the development of this work.

The passage of the author in a project called "Local Innovation Agents - ALI", a partnership between Sebrae and CNPQ - National Council for Scientific and Technological Development, assisted approximately 60 industries in the clothing and metal-mechanic branches. The work happened in sequence, firstly management and innovation diagnostics were applied to verify the current conditions of the company; soon after the construction of the SWOT Matrix; then a plan was made with objectives and goals, mainly focusing on the points identified as weaknesses and opportunities. This cycle happened about 3 times in each company. Considering the total number of attendances, it was an incredible experience that will add a lot to the development of this dissertation work.

At the same time, the academic curriculum corroborates in this aspect, because the undergraduate in Business Administration, as well as the specializations in Innovation and in Industrial Management and Lean Manufacturing, made it possible to have access to the various contents and disciplines necessary for professional training linked to the themes of this work. And, furthermore, the professional master's degree in administration allowed a deepening of the theories and practices concerning strategy and competitiveness, a line of research to which the author belongs. Therefore, studying the business reality, specifically the beginning of a business, as well as understanding the local context of the market, competitors, legislation, taxation, finances, and strategies to be outlined, will allow the use of the knowledge acquired

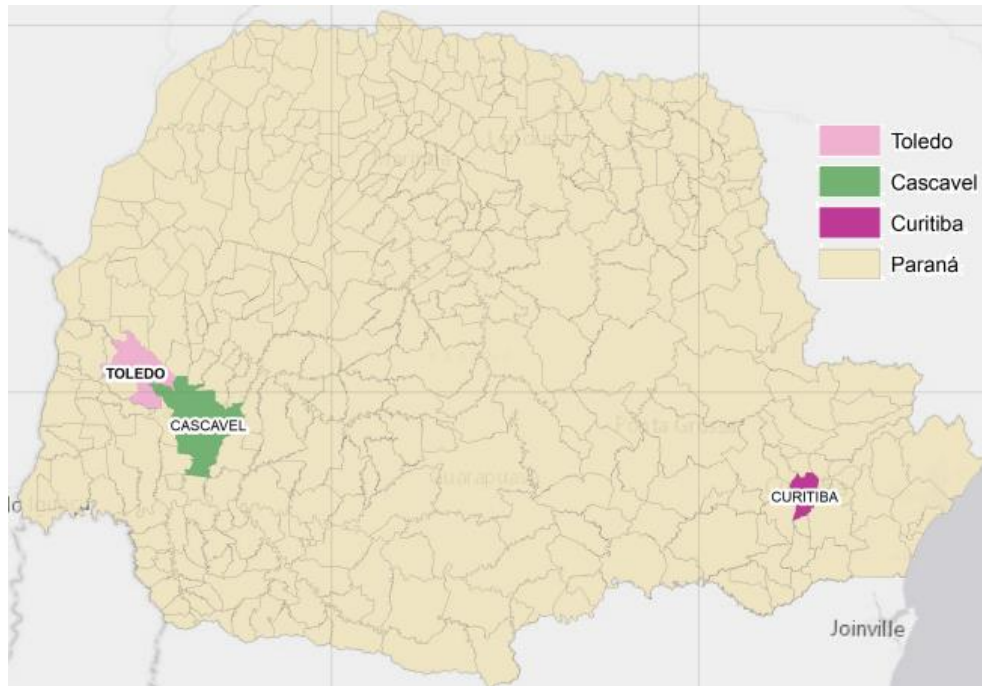
so far, as well as conciliate it with professional experiences, in the solution of possible problems and exploration of opportunities.

## 4 RESULTS AND DISCUSSIONS

### 4.1 MARKET STUDY IN THE PAINT SEGMENT IN THE CITY OF TOLEDO - PR

#### 4.1.1 Characterization of the Municipality of Toledo-PR

The Municipality of Toledo has an area of 1,198.607 km<sup>2</sup> and is located in the western region of the state of Paraná. It is located 536.6 km from the capital Curitiba and 45 km from the city of Cascavel (Master Plan - Toledo PR, 2022). The location of the city can be seen in Figure 7:



\* This image isn't translated so as not to lose the quality and originality of the font.

**Figure 7:** Map of Paraná

Source: Toledo Master Plan (2021).

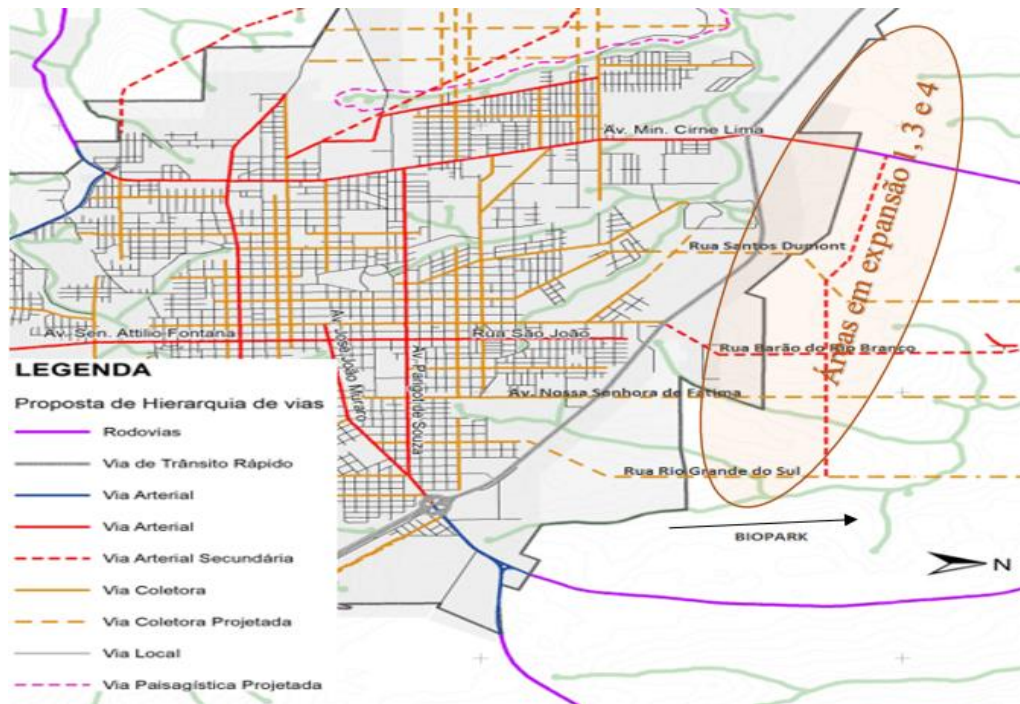
Toledo has a population of 144,601 inhabitants, IBGE estimate for the year 2021, being the 12th most populous municipality in Paraná and the 36th in the Southern Region of Brazil. In 2010 there were 119,313 inhabitants, i.e., a population growth of approximately 21% in 10 years (IBGE, 2022). It is estimated that this population growth will continue for the coming years, reaching the year 2035 with 191,515 inhabitants. This is a 32.44% increase if compared with the number of inhabitants in the city in 2021 (Master Plan - Toledo-PR, 2022).

To accommodate the population increase, it will be necessary to expand the amount of housing in Toledo, which in 2010 totaled 38,997 households. According to projections made by IBGE, in 2019, through the DRZ (City Management) logistic model considering 3.06 people per household, it indicates that by 2035 the estimate is to increase 60.4%, reaching 62,586 households (Master Plan - Toledo-PR, 2022).

The municipality of Toledo is home to the first Bioscience Science and Technology Park in Paraná - Biopark, which is located on Highway PR-182, northeast region of the municipality. This technology park, opened in 2016, has spaces for research, development, and innovation centers, higher education institutions, and national and international companies. As it is a forward-looking enterprise and is attracting foreign investors, "its installation motivated preliminary studies for the expansion of the urban perimeter, where it was suggested the creation of an urban corridor connecting the Biopark area to the consolidated urban area - project called North Expansion" (Master Plan - Toledo-PR, 2022, p. 123).

In face of the information obtained from the Master Plan, it is possible to observe that the Municipality of Toledo has expansion projections, mainly with the development of the Biopark. The expansion areas are towards the northeast of the municipality, towards the Biopark. The projection of continuity of the streets, as well as the location of the expanding areas towards the Biopark can be seen in Figure 8, which indicates a factor of attention for the location of the future store under study (Master Plan - Toledo-PR, 2022).





\* This image isn't translated so as not to lose the quality and originality of the font.

**Figure 8:** Map with information about the expansion of the Municipality of Toledo  
 Fonte: Master Plan Toledo Adaptated (2021).

The architectural design of the Biopark comprises a physical area of more than 5 million m<sup>2</sup> with a structure designed to contribute to the innovation ecosystem. The investments in and around the Biopark will include the construction of buildings, houses and other constructions, which will certainly boost the construction market in the city.

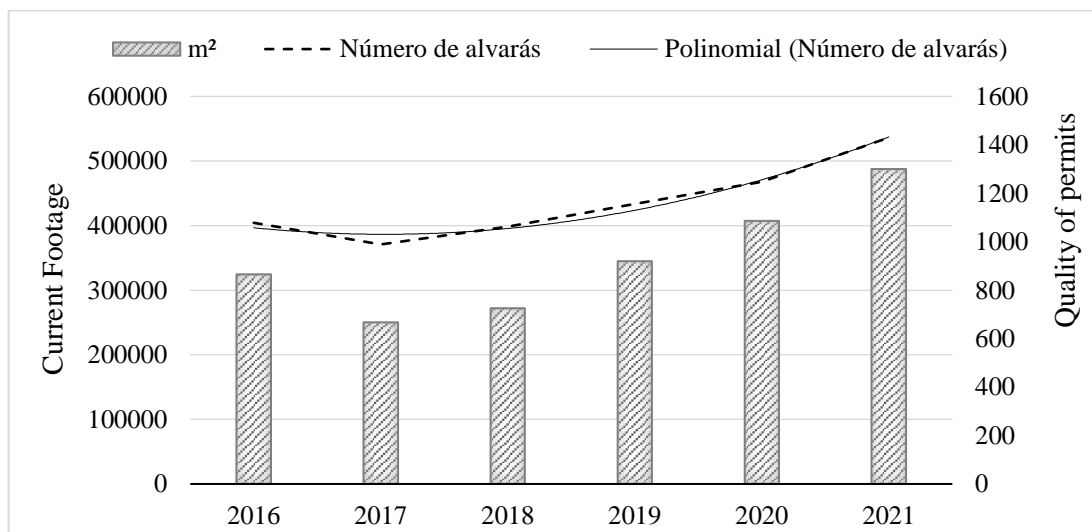
#### 4.1.2 Construction Market

The year 2021 was marked by a significant increase in prices in the civil construction market. The INCC (National Index of Construction Cost), which is used to monitor the evolution of prices of materials, services, and labor for residential construction in Brazil, set a record, with a total increase of 14.03%, of which 21.45% related to materials and 6.95% to labor (FGV, 2021). This increase was last seen in 2003, which worries specialists in the sector, since the advance may reflect an increase in uncertainty and discourage new ventures (CBIC, 2021).

In the paint market the reality was similar. The INCC indicated an annual increase in 2021 of 19.48% for painting material (FGV, 2021). And even if it were not, the increase in

other inputs ends up affecting the marketing of paint products, since it is a finishing work item. So, if the launch of new construction projects is reduced, it ends up affecting the entire production chain.

Despite these increases, in the year 2021, through a survey conducted on the website of the Toledo-PR city hall, it was possible to see an increase in the number of permits issued in the city, according to Chart 1. The permits refer to new construction, renovation, regularization, and expansion.



**Chart 1:** Evolution of Building permit releases from 2016 to 2021.  
Source: Data collected from the website of the Municipality of Toledo PR.

Of the total number of permits released between the years shown in the chart, 6.79% are for rural properties and 93.21% are urban. This data is consistent with the urban expansion that has been occurring in several Brazilian municipalities, as well as in the municipality of Toledo-PR.

It is noted that as of the year 2017 there was an increase in the number of permits released and in the total amount of footage, such expansion tends to continue as shown in the trend line presented in chart 1. This confirms the relevance of the study, since the increase in the number of permits represents more buildings and, consequently, growth in the sale of construction and painting materials.

### 4.1.3 Target-Audience

The target audience of the future company are individuals, legal entities, painters, painting companies, contractors, construction companies, architects/engineers, architecture and interior design offices, and real estate companies. When conducting a survey about this public in the municipality of Toledo, it was verified that there are 230 architects and 58 architecture and urbanism companies, according to the Brazilian Council of Architecture and Urbanism - CAU/BR (CAU, 2021); 438 civil engineers and 179 registered civil construction companies, according to the Regional Council of Engineering and Agronomy of Paraná - CREA-PR (CREA, 2021); besides 21 service providers dedicated to residential painting, according to a survey carried out at the Toledo Commercial and Business Association - ACIT (ACIT, 2021).

In consultation with the data base of Sebrae, companies providing painting services were identified - Cnae 4330404: painting services for buildings in general, with 280 MEI's and 18 ME (Sebrae, 2021b). Furthermore, the municipality of Toledo ranks 1st in Industrial Park in Western Paraná, with 651 industries; it has 1,676 commercial establishments; 1,741 service companies; 2,120 transformation industries; and has 19,919 companies with active CNPJ (Municipality of Toledo, 2022). These are the potential legal entity clients.

Besides the public mentioned, consumers of the products can be individuals - paints for residential painting. Considering the people who had a functional occupation in 2019, about 61,535 people (43.8 % of the total population of Toledo-PR) are potential customers. Being that, the average monthly wage of formal workers was 2.4 minimum wages in 2019 (IBGE, 2022).

### 4.1.4 Business Description

For the structuring of the paint retail trade in the city of Toledo-PR, some points inherent to this type of trade need to be considered, besides the size of the business to be installed.

#### 4.1.4.1 Location

The definition of the point of sale should be one of the first and most important decisions that the entrepreneur needs to make. Certainly, one of the choices with the greatest impact on business results is the decision to determine the location of the business (Sato, 2002), precisely because if it is right, it will facilitate the successful commercialization of products (Erbiyik., Özcan, & Karaboğa, 2012). Moreover, if done improperly, it can bring several inconveniences to the company and its customers, besides impacting on high costs (Slack, Chambers & Johnston, 2009). Sometimes, this initial mistaken decision making may have no solution, since "errors in the location directly affect the profitability and even the survival of the company" (Kato & Parente, 2008).

Taking into consideration the questionnaire suggested by Kotler & Keller (2018), of the points to be analyzed for the future location of the company, some properties available for rent were selected at the time of the research. In the selection, the priority was for properties located downtown, on streets with large circulation of pedestrians and vehicles, on streets that will connect with the expansion areas for the Biopark, close to supermarkets, pharmacies and commercial areas, as well as rooms close to the main competitors.

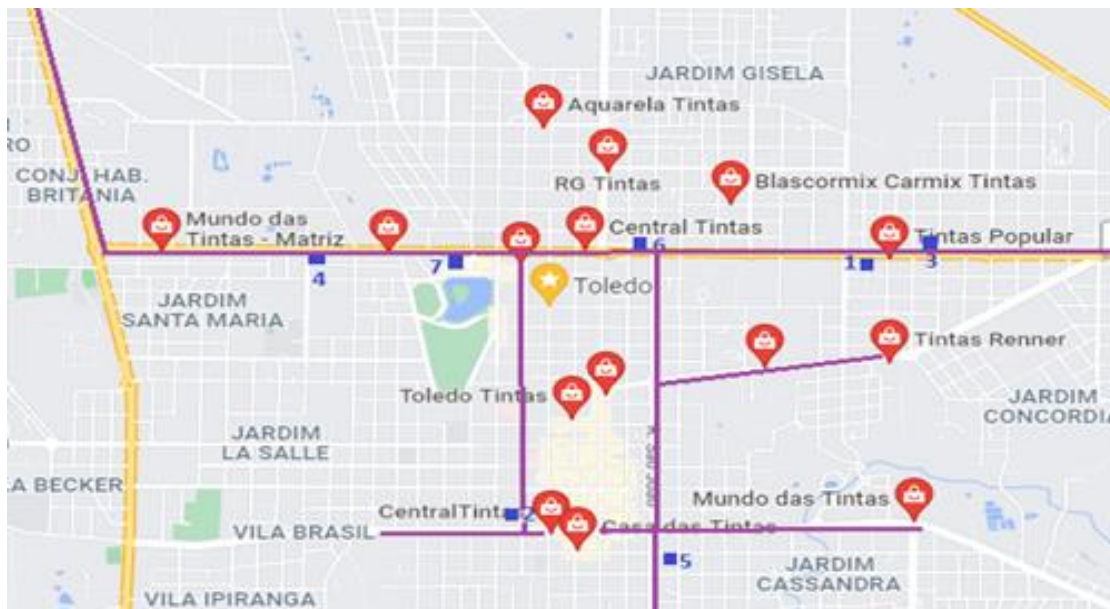
As a result of the search, 7 rooms suitable for the installation of this type of commerce were identified, according to the characteristics described in Frame 4:

Room	Address	Positives points	Negative Points	Size	Rent
1	Parigot de Souza Avenue, Porto Alegre Garden	In front of Muffato supermarket. One block from a direct competitor and three blocks from an indirect competitor	No parking	140m <sup>2</sup>	R\$ 3.700,00
2	Santos Dumont Street	It is on a very busy street, Rua Santos Dumont. In front of the Shell gas station. Three blocks from a CD2 competitor and one and a half blocks from another CD.	No parking	128m <sup>2</sup>	R\$ 2.775,00
3	Parigot de Souza, Jardim Porto Alegre	It is located one block from a direct competitor and half a block from an indirect competitor		200m <sup>2</sup>	R\$ 3.000,00
4	Parigot - Jardim Santa Maria	In front of Unipar	No parking	140m <sup>2</sup>	R\$ 2.700,00
5	Piratini Street - center	Three and a half blocks from CD2, half block from Senator Atílio Fontana Avenue and one block from Maripá Avenue;	No parking	250m <sup>2</sup>	R\$ 4.500,00
6	Parigot de Souza Avenue - Industrial Village.	It has three parking spaces. It is 30m from an indirect competitor with great movement, 200m from CD3, in a stretch that connects several main streets.	Rental price	330m <sup>2</sup>	R\$ 6.500,00
7	Parigot de Souza Avenue - Vila Industrial	50m from Shopping Panambi.	There is no parking and no rent.	240m <sup>2</sup>	R\$ 6.000,00

**Frame 4:** Possible locations for the store  
Source: Elaborated by the author

In search of commercial rooms available for rental, it was observed that there are few available rooms considered appropriate for this type of commerce. For the commercialization of paint products, there is the need for a room with an average size of around 200m<sup>2</sup>, because the products sold have considerable volume and it is necessary to have physical stock available. In addition, an important point is the parking lot, since it facilitates the access of customers to the store and the loading and unloading of products.

The rental value of the rooms found as described in chart 4 is on average R\$20.72 per m<sup>2</sup>. Observing Figure 9, it becomes clearer the arrangement of the selected rooms on the map of the city. In red are located the main direct competitors; in blue the points with the selected available rooms and their respective numbering as described in Frame 4. In purple are the busiest streets, which may be favorable for installation for this type of commerce.



\* This image isn't translated so as not to lose the quality and originality of the font.

**Figure 9:** Location of the commercial rooms selected for leasing in the city of Toledo-PR

Source: Adapted from Google Maps (2022).

To choose the company's location, one must consider the cohesion process defined by Correa (1989, p.9), as "that movement that leads activities to locate together, is synonymous with external economies of agglomeration. The installation of the company near competitors is positive, as it attracts consumers, creating what the author names as a spatial monopoly. Levys & Weitz (2000) corroborate this information by saying that this agglomeration generates advantages to customers because they can better select the products and to retailers who can maximize profits. Another point of attention for the choice of location is the street where the

store will be installed and to those connecting it, because "certain points become more accessible, certain arteries more attractive" (Santos, 1993) to customers, also being an attractive factor.

In view of the concepts explained, the room selected closest to the appropriate one is number 6 (Frame 4 and Figure 9), which is located on an avenue that connects several main streets. It is close to one of the main direct competitors and an indirect one, and has its own parking lot. It is larger than adequate - which allows the company to grow in the same opening location, parking for customers, and is located on a main road with interconnection of two other busy roads. Product Sales/Delivery Channels.

#### 4.1.4.2 Product sales/delivery channels

The products will be sold in the physical store in the conventional way, that is, when the customer goes to the store and demonstrates the need to purchase the products. Other forms of marketing will also be offered to provide ease and convenience to customers, such as by phone, whatsapp and facebook. It will be available for the customer to buy products by phone call or messages such as by direct from Instagram, and by facebook, through Messenger.

With the advancement of technology, new sales channels have emerged and it is necessary for the company to establish this integration in the online and offline relationship in order to positively influence the customer's buying process (Okada & Porto, 2018). This integration of simultaneous search and purchase channels emerges as a potential to be explored, especially by retail companies (Dias, 2014).

Beforehand, the delivery of products will be made directly at the point of sale, when the customer makes the purchase and withdraws the product; with the company's own vehicle, by motorcycle when the amount of products and their volume is small, and by utility vehicle when there are larger purchases and with more items.

#### 4.1.4.3 Suppliers: raw materials

Since this is a store that sells factory products, the main supplier in the venture in question will be industry Alfa and partner company Delta. These two will be the suppliers of paints and textures. In Frame 5 are described the products supplied by industry Alfa.

Alfa Industry	Satin acrylic paint, matte and semi-gloss - economic, standard, premium (Base A, B and C) - 0,8L/3,2L/16L
	Water base enamel paint (Base A, B and C) - 0,8L/3,2L/16L
	Primer - 0,9L/3,6L/18L
	Rustic Graffiti - 18kg/25kg
	Colorless waterproofing base, colored (various colors) - 0,9L/3,6L,18L
	Acrylic Putty - 1L, 6kg, 25kg, 50kg
	Putty - 1L, 6kg, 25kg, 50kg
	Sealer - 3,6L/16L/18KG/18KG
	Texture (Hidro, plain, projected) - 6KG/25KG/ 50KG
	Colored matte and semi-gloss floor paint (various colors) - 0.9L/3.6L/18L
	Burnt Cement - 6KG
	Drywall Putty - 25KG/28KG
	Polymeric laying mastic - 25KG

**Frame 5:** Products supplied by industry Alfa  
Source: Elaborated by the company itself (2022).

The products will be offered in 3 versions: Premium is the paint with the highest quality, yield, coverage, durability and brightness; Standard is an intermediate line; and, finally, the economic version is simpler. From industry Alfa there will be a total of 178 different products, and for the opening of the store the initial stock will be 1,450 products.

From partner Delta, 55 different products will be acquired to make up the initial stock, and a total of 474 items, products reported in Frame 6:

Delta Partner	Primer - 3,6 L/18L
	Mastic - 0,9L/3,6L
	Acrylic filler - 3,6L / 18L
	Acrylic plaster paint - 3,2L/18L
	Multimass Tapa Tudo - 0,9L/3,2L/16L
	Semi-glossy, satin and matte paint - base (pastel, medium, intense, super intense) - 0,9L/3,2L/16L
	Enamel PU Piscine blue - tri component kit - 3,6L
	Majestic Stain Natural Finish - 0,9 L/ 3,6L
	Varnish sun filter Gloss - 0,9 L/ 3,6L
	Fast transparent enamel - 0,9 L/ 3,6L
	Marine varnish - 0,9 L/ 3,6L

**Frame 6:** Products supplied by partner Delta  
Source: Own elaboration (2022).

The complements and products that are not offered by the above-mentioned plants will be purchased from traditional companies in the market such as: Professional, Killing, Tiger, Mirka, Gresmasp, Atlas, among others, shown in Frame 7:

Professional	Auto industrial enamel and profiquil (various colors) - 0,9L/3,6L/18L
	Primer - 0,9L/3,6L/18L
	Sealer - 0,9L/3,6L
	Remover - 0,9L
	Thinner - 0,9L/5L
	Profiras - 0,9L/5L
	Profigald - 0,9L/3,6L
Killing	Oil Paint - 0,9L/3,6L/18L
	Spray (several colors) 250g
	Easy Cover Putty (90gr/340gr)
	Epoxy paint - 3,6L
Tiger	Iron and water sandpaper (various sizes)
Mirka	Disc Abranet (various sizes)
Gremasp	Sanding Disc (various sizes)
Atlas	Roller and brush (various types and sizes) / tray / spatula / fork / brush / straightener
Various	Wool roller / roller handle / coverer / silicone / waterproofing / polimedic mortar / zebrawing tape / black tarp / disposable strainer / cotton swab / silicone applicator / mask / roller for insulation / strong acid / liquid chlorine / crepe tape / sealant -PU gutter / sealant - selantrica / gutter sealant

**Frame 7:** Products supplied by other manufacturers

Source: Own elaboration (2022).

For opening the store will be these products placed on sale with enough quantity for the operation of the store for the first months of activity, and the stock will be replenished according to product demand. The inclusion of new suppliers can be identified from the customers' request and, later on, with the performance of a feasibility study, the new supplier can be confirmed.

It is also important that an adequate stock management is carried out, with the objective of bringing security, profitability, and lower costs to the company. One of the management tools used to analyze and classify the inventories is the ABC curve. With it the manager can observe the materials with more significance, based on the economic amount employed (Santos & Lubiana, 2017). The data for management, as well as the analysis of the stock situation itself can be done using the management system hired by the company and improved with the information and histories over time.



4.1.4.4 Human Resources

To make up the company's staff, initially 4 employees will be needed: 1 salesperson, 1 stockist/sales assistant, 1 cashier/administrative clerk, and one delivery person, as shown in Frame 8.

Function	Quantity	Payment (R\$)
Salesperson	1	1,212.00 + sales commission (2%) + sales bonus (R\$750.00 to R\$1,500.00) + health plan + life insurance + payroll taxes
Stocker/sales assistant	1	1.212,00 (%) + attendance bonus (R\$600,00) + sales commission (2%) + health plan + life insurance + payroll taxes
Cashier/administrative	1	1.212,00 (%) + attendance bonus (R\$600,00) + health plan + life insurance + payroll taxes
Deliverer	1	1,575.60 (with risk) + bonus for attendance (R\$300.00) + health plan + life insurance + taxes
<b>Total</b>	<b>4</b>	

**Frame 8:** Composition of the staff  
Source: Elaborated by the company itself (2022).

The salesperson will be responsible for serving customers inside the store and also through external visits. You will need to assist in the preparation of commercial strategies and will be responsible for putting them into practice, having monthly sales goals to meet and will receive commission on sales. It is necessary that this professional has commercial experience in the paint market, preferably in the city of Toledo-PR.

The professionals who will work in the sales area need to be trained or be prepared, with enough technical skills to answer customers' technical questions and make assertive offers. The work of Alperstedt, Martignago Feuerschütte and Lemos (2011) regarding the competencies in sales in the retail of construction materials, revealed specific skills of salespeople in the paint area, as shown in Figure 10:

SPECIFIC SKILLS OF SALESPEOPLE IN THE PAINT AREA		
<b>KNOW (knowledge)</b>	<b>Operational knowledge</b>	Knowing how to identify the right product for each type of wall: masonry, wood, etc. Knowledge about the painting and repainting process (notions of painting application, what it is for, how to use it, waiting time, drying). Knowledge about waterproofing Notions of area measurements Knowledge about sandpaper (which sandpaper to use), brushes, spatulas, etc.

**Figure 10:** Specific Competencies of Salespeople in the Paints Area  
Source: Alperstedt et al (2011).

To open the store, only one salesperson will be hired, and it will be up to the stockiest to assist in sales, if necessary. The projection is to hire one (1) salesperson to start after the first

six months of the store, another one after one and a half years, and one more at the beginning of the fourth year of the company's existence.

The stocker/sales assistant will perform the handling of the product, from its arrival, the preparation of the dyes in the dye machine, the filing of samples per customer, the separation of orders, and assist in the sales area when necessary. For this position, basic computer skills are required and, preferably, experience in paint preparation and storage.

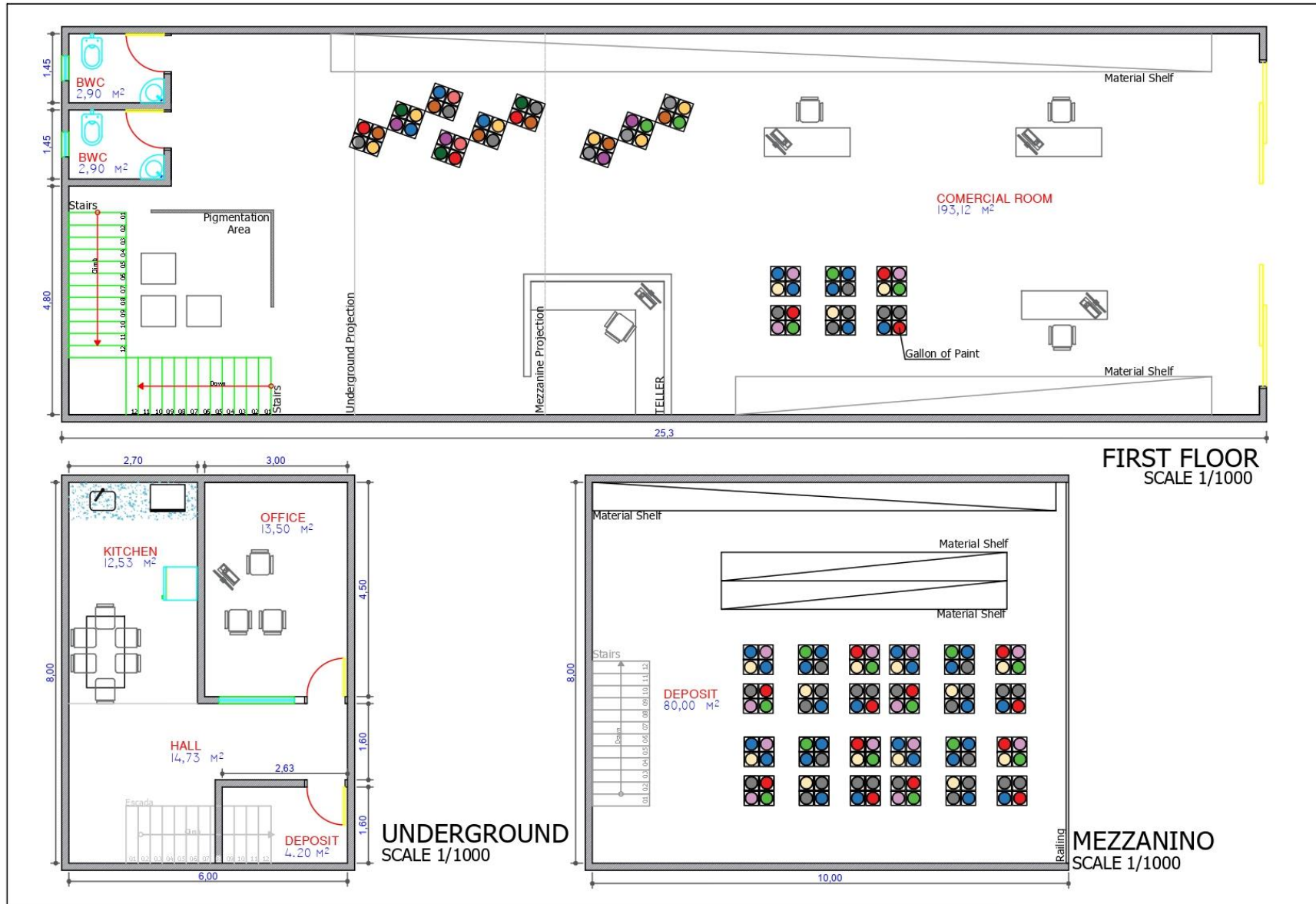
For the cashier/administrative position, previous experience in the function is required, and you must be comfortable with financial controls and handling administrative systems. You must enjoy customer service because you will work on the last step of the sale and on the contacts for some kind of collection. You will be responsible for feeding the company's social networks, maintaining contact with customers about payments, answering questions, and directing calls to the responsible sectors, opening and closing the cash register, issuing invoices, and services related to the function.

For the position of delivery person, it is necessary to have an A/B driver's license, physical condition to load and unload products, to be organized and communicative. This professional will load the products into the company's vehicle and make the delivery at the destination informed by the customer.

The correct planning of the need for human resources requires a critical look with the purpose of supplying the organization's needs and objectives. For this it is important to structure the hiring process in order to make more assertive the hiring in relation to the qualification and suitability of the candidate to the vacancy, reducing costs in the process, improving the quality of services and the organizational image (Baylão and Rocha, 2014).

#### 4.1.4.5 Structure

The room chosen for the installation of the model store has 330m<sup>2</sup>. It is divided into a ground floor, basement and mezzanine area, according to the layout shown in Figure 11.



**Figure 11:** Store layout  
Source: Own elaboration (2022).

In the front there is a parking lot for three vehicles and the front of the company; on the first floor, the sales area with product displays, the cashier, the pigmentation area and two restrooms; in the basement, the office and the pantry; and on the mezzanine, the merchandise stock.

The sales area will be at the entrance of the store. Around it, the main products will be displayed. The furniture required for this area will be: three (3) tables, three (3) swivel chairs, six (6) desk chairs, one (1) long chair, one (1) large shelf, one (1) medium shelf, three (3) computers, three (3) telephones, three (3) cell phones, a printer, and three (3) catalogs.

Next to the sales area will be the cashier, which will be used for administrative processes and finalizing the sale/receipt. For the cashier/administrative area will be necessary 1 (one) L-shaped counter, 1 (one) computer, 1 (one) cell phone, 1 (one) telephone and 1 (one) printer. Part of the stock and pigmentation space will be located in the back of the store. Shelves, counters and a dyeing equipment will be necessary.

In the basement space will be the pantry, where a sink, stove, refrigerator, a table and six (6) chairs will be needed; for the office will be necessary 1 (one) a swivel chair, 2 (two) desk-type chairs, 1 (one) an office table, and 1 (one) a telephone. On the mezzanine floor will be located the storage area. The smaller products will be placed on shelves and the larger ones, such as paint cans, on the floor. You will need 2 (two) small shelves and 1 (one) medium shelf.

For this type of retail, a larger physical structure is needed because the stock is voluminous and the availability of products is immediate to the customer. The existence of parking for the customer is relevant, having in mind that when the volume purchased is smaller, the customer will take the product at the time of purchase and in his own vehicle.

#### 4.1.5 Competitor Analysis

The study of the competition is of utmost importance for the startup company to know the market in which it will operate. Competitors can be considered direct when they offer similar products to those that the company sells, and indirect competitors are those that divert the customer's attention by offering a solution that can replace the product offered (Kotler & Keller, 2018).

In this study, direct competitors will be considered those companies in the municipality of Toledo that sell exclusively paints and complements, and indirect competitors will be the construction materials companies that do not have a main focus on paint products, but offer them as a complementary solution, should the customer need them. The construction materials store generally have a smaller range of products and end up selling the basics, they do not have salespeople with expertise in paint products and do not have a main sales focus on this type of product.

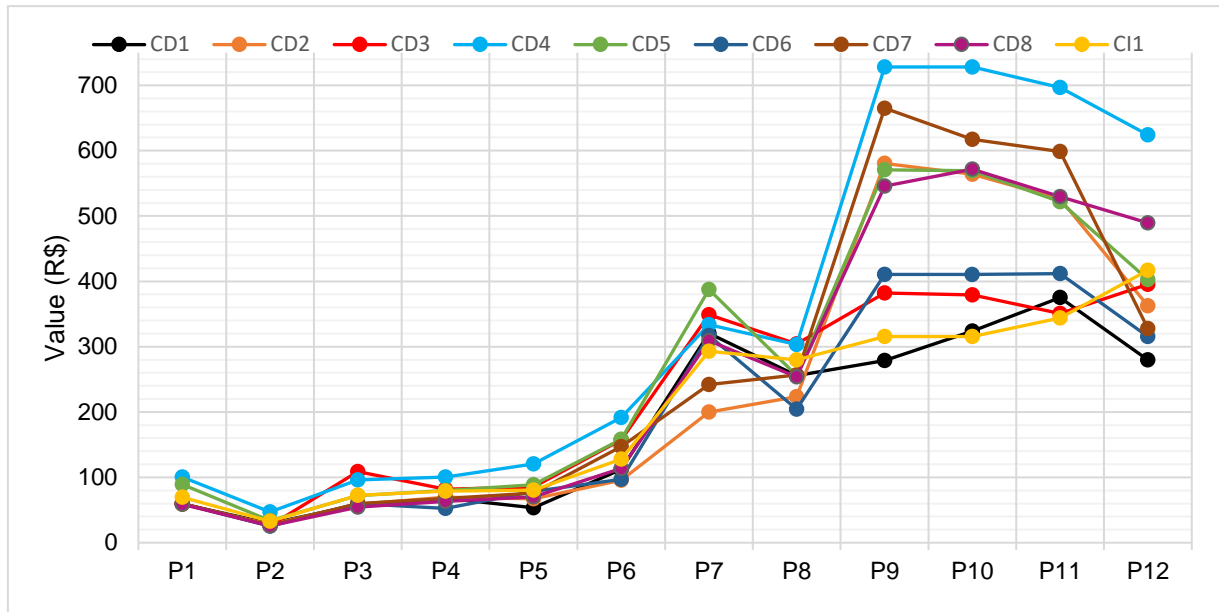
We identified 14 direct competitors, among them, chains that operate in other cities, single stores and franchises. The indirect competitors are approximately 30 companies, among them single stores, chain stores, and franchises that have a high number of clients, such as: Bigolin, Quero Quero, Bem Viver, Constru&cia, Gafuri, Panorama Home Center, among others. Based on what was observed, it was possible to build Frame 9, which was prepared based on the study of Sebrae (2013), with information about the main direct competitors and one indirect competitor.

	Characterization	Approx. frame size	Price	Payment Terms	Location	Attendance	Hours service	Customer Service
CD1	It has 2 stores, one founded in 2020 and the other in 2021.	100m <sup>2</sup>	3rd place with best price*.	Cash value with 7% discount, can be done in 3x. Value on term up to 12x.	Located on a busy avenue and 50 meters from another main avenue, in front of a pharmacy and 50 meters from a supermarket.	Reactive service. Answers only to what the client requests.	08:00 - 18:30	Free Delivery
CD2	Founded in 2007.	100m <sup>2</sup>	2nd place with best price*.	Cash value with 11% discount. Value in installments up to 5x.	Located in the center. On a secondary street.	Reactive customer service. Answering only what the client requests.	08:00 -12:00 e 13:30 - 18:00	Free delivery.
CD3	It has 2 stores, one founded in 1995 and the other in 2012.	400m <sup>2</sup>	4th place with best price.	Cash value with 10% discount and payment in 4x on payment slip and 5x on credit card.	Located on a main avenue with great movement of vehicles and pedestrians. Next to a pharmacy chain and in front of another one. Next to the bus station, city hall, and building materials stores.	Reactive service. Responses only to what the customer requests.	08:10-12:00 e 13:30 - 18:00	Purchase of textures at a cheaper price, direct from the supplier. Budget delivery was in a personalized folder. Has parking for customers.
CD4	It is one of the old paint stores in town, with more than 30 years of existence.	300m <sup>2</sup>	9th in price. Store has higher prices than the rest of the competition, on average 25% higher.	Cash value with 7% discount and term in 6x by payment slip or credit card.	Located in the center, at the intersection of 2 main streets.	Proactive customer service. Personalized service, using sales techniques. Salesperson with vast commercial experience in the field. Returned the client's contact several times to close the sale.	08:00-12:00 e 13:30 - 18:00	Free delivery, no social media for communication.
CD5	Store opened in 2000.	300m <sup>2</sup>	7th best value.	Cash value with 13.82% discount. Installment in 5x by credit card or 1+5 by boleto.	Store located on a main road, next to a gas station. Next to the city hall and shopping mall.	Proactive customer service. Salesperson returned the contact with the intention of closing the sale	08:10-12:00 e 13:30 - 18:00	
CD6	Founded in 2020, it is a paint franchise.	300m <sup>2</sup>	8th place best value.	Cash value with 9.64% discount, installment in 10x in credit cards or 5x in a boleto.	Located on a main avenue, far from busy shops.	Reactive customer service. Responses only to what the client requests. In Whats app did not answer the questions.	08:00 - 18:00	
CD7	Store founded 30 years ago.	400m <sup>2</sup>	6th place best price.	Cash value with 5% discount, 12 installments on credit card, check or installment plan.	Located downtown, but with few stores nearby.	Reactive service. Responses only to what the client requests.	07:30 - 18:00	
CD8	Established in 2013, store belongs to a chain of stores.	400m <sup>2</sup>	5th best value	Value without discount for different forms of payment, the budgeted value in up to 3x for payment.	Located on a main avenue, with little pedestrian traffic and few stores nearby.	Reactive service. Answering only to what the client requests.	09:00 - 18:00	Own parking lot.
CI1	It has 2 stores. Store 1 was founded in 2017, it belongs to a chain of building materials stores.	1.000m <sup>2</sup>	1st place with best price	Cash value with 7% discount. On credit in 3x on credit card.	Located on a busy avenue, close to other construction material stores and paint stores.	Reactive service. Answers only to what the customer requests. Inappropriate salesperson conduct.	08:00 - 18:00	

**Frame 9:** Study of competitors

Source: Adapted from Sebrae (2013).

Based on Frame 9, it is possible to see that most of the stores studied have less than 10 years in the paint market in the city of Toledo. Most of the competitors have a structure with more than 300m<sup>2</sup> that is used for customer service and product storage. In relation to the prices charged, the research was carried out based on first line products for preparation and painting. Chart 2 shows the comparative prices of 12 products (P1, P2... P12)<sup>1</sup> among the 9 competitors, 8 of which are direct (DC) and 1 indirect (CI).



**Chart 2:** Price survey  
Source: Own preparation (2021).

It can be seen that the companies apply similar prices in most of the products related to the preparation of the walls, such as putty and textures, while for painting, the prices are quite varied. The companies with more time in the market, for example CD4 and CD7, explore this condition and offer the painting products with added value.

The suppliers of the competitors are also varied. In the items of paste and texture the brand Coresul appeared in 16 items, followed by Mestre (8), Bellcolor (6), Grafftex (6), Revmais (3), Ciacollor (4), Revetex (3), Althacor (2), Dacar (2), Protec (1) Qualyvinil (1), Hydronorth (1). The brand Coral appeared in 13 items of the budgets for interior and exterior painting, followed by Suvinil (9), Sherwin Williams (4), Qualyvinil (4), Selfcolor (2), Dacar (2), Ciacollor (1), Selfcolor (1).

<sup>1</sup> **P1** - Acrylic putty 25 kg, **P2** - Scratching putty 25 kg, **P3** - Rustic texture 25 kg, **P4** - Projected texture 25 kg, **P5** - White acrylic sealer, **P6** - Primer base, **P7** - Glossy tile paint, **P8** - Floor paint, **P9** - Semi-gloss acrylic paint, color 1, **P10** - Semi-gloss acrylic paint, color 2, **P11** - Satin acrylic paint, color, **P12** - Paint matte acrylic, color 4

In addition to the prices charged by the competitors, the following items were also observed:

a) Payment Methods - The values have differences in relation to the payment method. If the payment is in cash, it was identified that the company CD5 offers the largest discount (13.82%), and the company CD8 offered no discount for different forms of payment. On average, the discount when paying in cash is 8.8%.

With regard to the form of payment in installments, in the case of cash purchases, the most frequent form found was up to 6x in cards, billet and credit on approval. The companies CD1 and CD7 offer payments of up to 12 x on the credit card, and the company CD6 up to 10 x.

b) Customer Service - In 7 out of the 9 companies analyzed, we noticed a passive customer service, informing only what the customer asked for. In all the companies the customer's contact number was given to be contacted later with the budget, and in this return the salespeople sent the budgets, but without leading the customer to close the sale.

In the other two companies, the service was superior. At CD5, three days after the face-to-face service and the budget, the salesperson sent a message to the customer asking if he had already decided on the budget. In CD4, the customer service was differentiated from the others and was excellent. The salesperson asked where the work was and if he could take the estimate personally so that he could provide better guidance on the choice of products. In addition, it was possible to notice sales techniques by the salesperson, who sought to offer solutions in the industry to capture the customer and close the sale. He sent a message to go to the construction site and, later, as the customer requested the budget by WhatsApp, he passed. After 3 days he contacted the client again and made himself available.

c) Communication and Marketing - Looking at the social networks of the competition, it is possible to see that no attention is paid by the companies in this business, and some of them do not have this type of communication. Among all the companies, the ones with the most engagement on social networks are CD7 (3,790 followers on Facebook and 1,820 on Instagram) and CD5 (1,100 followers on Facebook and 1,553 on Instagram). Companies CD3 and CD8 are networks, and the social networks used are common for all the stores, but still no expressive engagement. No other type of advertising involving the companies observed was observed.

Given the information detailed in the study, it is possible to identify some gaps in the performance of competitors, which can be used as an opportunity for market positioning by the company that will be opened. Although many competitors have been operating in the market



for many years, they end up failing mainly in the communication and customer service aspects, not carrying out strategies to make sales (Santos and Pinheiro, 2017).

#### 4.2 ECONOMIC AND FINANCIAL ANALYSIS FOR OPENING THE STORE

This section will present the results obtained during this research with a view to verifying the feasibility of the investment, as well as the potential risks of opening the business.

The investment made by the company to open the first store of the chain in the city of Toledo comprises pre-operational expenses, equipment, furniture and utensils, and initial stock, according to Frame 10:

<b>Pre-operating expenses</b>	<b>Sub Total - R\$18.064,80</b>
Name Search + Registration Fee	Accounting/Fiscal/Financial Control System
Opening of Business (Total Expenses)	Renovation and adaptation of the physical structure
Registration of Articles of Incorporation at the commercial registry	Accountant
Fire Department License	Software (Windows, Office, Habil, photos)
City Hall Permit	Visual Identification Services
Invoice Approval	Folder, card, folder printing
Documentation (stationery and notary)	Card machine
Furniture, utensils and office equipment	<b>Sub Total - R\$12,440,00</b>
Telephone sets (fixed and mobile) and central office	Radio system
Fans and air conditioners	Monitoring system
Furniture (counter, tables, shelves)	Time card
Chairs (fixed and rotating)	Alarm
Microcomputer/Notebook/ calculators	Dyeing machine (commodatum)
Drinker	Agitators (titan and tintomac)
Office utensils	hostpost's / Hub's / noobreak
Façade	Dispenser Fluid Atm 1500
Routers	Manual dosing machine
Server	Energy stabilizer
Printers (1495, argox labels, mematech 4200, 1375, epson fx890)	
Vehicles	<b>Sub Total R\$39.550,00</b>
Motorcycles (used)	Utility vehicle (used)
Initial Stock	<b>Sub Total R\$200.000,00</b>
<b>TOTAL FIXED INVESTMENT</b>	<b>R\$ 382.014,80</b>

**Frame 10:** Total fixed investment

Source: Own elaboration (2022).

The data referring to the calculation of revenues per category, variable costs, fixed costs, and result for the year are found in the Fiscal Year Income Statement (DRE) presented in Frame 10. The calculations were estimated per year for a 5-year horizon. The tax regime adopted for the Micro-company (ME) was Simples Nacional due to the annual billing.

The revenue was calculated considering a margin of 60% on the acquisition cost of the product, adopted based on the investor's experience. The total amount for the first year totaled R\$1,379,040.00, including the projected sales for the period, for each item sold in the store.

The revenue projection for the second year is R\$2,501,200.00, for the third year R\$3,285,360.00, for the fourth year R\$3,597,469.20 and R\$3,939,228.77 for the fifth year.

<b>YEAR</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>TOTAL REVENUE</b>	<b>1.379.040,00</b>	<b>2.501.200,00</b>	<b>3.285.360,00</b>	<b>3.597.469,20</b>	<b>3.939.228,77</b>
<b>VARIABLE EXPENSES</b>	<b>1.097.026,32</b>	<b>1.989.704,60</b>	<b>2.613.503,88</b>	<b>2.796.449,15</b>	<b>2.992.200,59</b>
1 Purchase of products	861.900,00	1.563.250,00	2.053.350,00	2.197.084,50	2.350.880,42
2 Business expense	-	-	-	-	-
3 Taxes	164.795,28	298.893,40	392.600,52	420.082,56	449.488,34
4 Bank expenses	42.750,24	77.537,20	101.846,16	108.975,39	116.603,67
5 Sales commissions	27.580,80	50.024,00	65.707,20	70.306,70	75.228,17
<b>CONTRIBUTION MARGIN</b>	<b>282.013,68</b>	<b>511.495,40</b>	<b>671.856,12</b>	<b>801.020,05</b>	<b>947.028,18</b>
<b>FIXED EXPENSES</b>	<b>390.684,01</b>	<b>419.311,68</b>	<b>507.821,35</b>	<b>543.368,84</b>	<b>581.404,66</b>
6 Salary	69.811,20	84.355,20	98.899,20	105.822,14	113.229,69
7 Social charges	33.348,81	40.296,48	47.244,15	50.551,24	54.089,82
8 Administrative costs	149.620,00	149.620,00	165.220,00	176.785,40	189.160,38
9 For work	-	19.980,00	32.190,00	34.443,30	36.854,33
10 Reserve fund	137.904,00	125.060,00	164.268,00	175.766,76	188.070,43
<b>RESULT</b>	<b>(108.670,33)</b>	<b>92.183,72</b>	<b>164.034,77</b>	<b>257.651,21</b>	<b>365.623,52</b>

**Table 1:** Fiscal Year Income Statement

Source: Own preparation (2022).

The Variable Costs were calculated taking into consideration the amount paid to acquire products for resale, which are based on the prices acquired in the first semester of the company's operation. From the second half of the first year on, the expenses with product acquisition were projected for a constant increase in sales. Tax costs, bank expenses, sales commission, and salesperson bonuses were also projected and make up the variable cost picture. The variable costs for the first, second, third, fourth and fifth years were in the order of R\$1,097,026.32, R\$1,989,704.60, R\$2,613,503.88, R\$2,796,449.15 and R\$2,992,200.59, respectively.

The Contribution Margin is the result of Sales Revenue less the Variable Costs, which will need to cover the Fixed Costs. In this case, the Margin was R\$282,013.68 for the first year, R\$511,495.40 for the second year, R\$671,856.12 for the third year, R\$801,020.05 for the fourth year, and R\$947,028.18 for the fifth year.

The Fixed Costs were estimated considering employees' salaries, charges, administrative expenses (which include: salaries, rent, landline/internet, mobile phone, energy, water, tax and licensing, software, accountant, marketing, fuel, store insurance, vehicle insurance, employees' life insurance, stationery and printing, cleaning supplies, food - pantry, vehicle maintenance, employees' health plan, and bonuses), payroll and reserve fund. The total

fixed costs calculated for each year were R\$390,684.01, R\$419,311.68, R\$507,821.35, R\$543,368.84 and R\$581,404.66, for the first, second, third, fourth and fifth years, respectively.

Finally, the result was obtained (Contribution Margin minus Fixed Costs) which showed a net profit in the first year of R\$-108,670.33, in the second year R\$92,183.72, for the third year R\$164,034.77, for the fourth year R\$257,651.21 and for the fifth year R\$365,623.52.

After projecting the company's DRE, the feasibility analysis of the project was performed, calculating the Net Present Value (NPV), Profitability Index on Sales (IL), Internal Rate of Return (IRR) and Payback, discounted as shown in Table 2.

<b>INVESTMENT</b>	<b>-R\$ 382.014,80</b>
<b>TMA</b>	12%
<b>NPV</b>	R\$464.424,53
<b>IL</b>	1,28
<b>IRR</b>	18,33%
<b>PAY BACK</b>	4 anos e 6 meses

**Table 2:** Financial indicators of the model store  
Source: Own preparation (2022).

From the projections prepared, a capital of R\$382,014.80 was identified as necessary for the opening and operation of the business. The opening amount will come from the entrepreneurs' own resources, to be used in basic infrastructure for the beginning of activities such as the purchase of software, initial stock, administrative expenses, advertising, furniture and equipment for the store. The calculations presented were based on the average interest rate from January to July 2022 of the Special System for Settlement and Credit (SELIC) of 12% per year.

As previously mentioned, when the NPV of a given investment is calculated and it is greater than zero, it means that the business tends to be profitable. Thus, with a total initial investment of R\$382,014.80 and an AAR of 12% per year, the NPV was calculated and showed a valuation of R\$464,424.53.

When calculating the profitability index of the project, the result presented was 1.28, which shows the viability of the investment, since the new business will bring a gain slightly greater than 1 time the amount invested. The rate found, when performing the analysis, of IRR was 18.33%, a value higher than the interest rate of 12% per year adopted, demonstrating the attractiveness of the investment. Finally, the payback time calculated for the business in question (Payback) was 4 years and 6 months, showing another positive point for the opening of the project.

Considering the investment evaluation criteria of NPV, in which only investment projects above zero should be validated (Ross et al., 2015); the IL, which states that only investment projects with a rate higher than 1 (one) should be accepted; and the IRR, which, for a project to be accepted, it is necessary that it be positive and higher than the AMT (Neto, 2014), the indexes presented prove the financial economic feasibility for opening the model store of the chain of stores in the city of Toledo-PR.

In order to complement the analysis, from the favorable results based on Tables 1 and 2, 2 more scenarios were elaborated: a pessimistic one, considering a 30% decrease in sales, and an optimistic scenario considering a 30% increase in sales. However, for both simulations, the fixed costs were maintained. The results can be seen in Frame 11.

Scenario Summary	Billing	VPL	IL	TIR	Payback
<b>Pessimist</b>	30% reduction in revenues	R\$ (23.386,65)	-0,06	-19,17%	30% decrease in revenues
<b>Realist</b>	Stable	R\$ 464.424,53	1,28	18,33%	Stable
<b>Optimistic</b>	30% increase in revenues	R\$ 952.235,71	2,63	43,81%	30% increase in revenues
<b>* com base no faturamento realista</b>					

**Frame 11:** Financial indicators of the model store

**Source:** Own preparation (2022).

As can be seen in Frame 11, in the pessimistic scenario all indicators were negative: NPV = -23,386.65; IL = -0.06; IRR = -19.17% and, consequently, the investment does not return in 5 years. In this scenario, according to the investment acceptance criteria, the recommendation is to reject the store opening project.

In the optimistic scenario, all indicators were positive: NPV = R\$952,235.71; IL = 2.63; IRR = 43.81; and the Payback in 2 years and 2 months. With these results, according to the investment acceptance criteria, the recommendation is to accept the project to open the store.

The elaboration of several scenarios enables the company to project its actions considering market variations, and facing this, make more assertive decisions, and this simulation is a support for strategy formulation (Faller & de Almeida, 2014). "The important thing is to know the possibilities of the future and prepare with pre-established strategies, being ready to enter the scene with actions that result in a quick response to whatever the scenario may be" (Rodrigues, Rojo & Bertolini, 2013).

Given the analysis performed, it is possible to use financial data in strategic planning and align the strategies towards the achievement of the company's viability in the shortest possible time and thus, also take financial management actions to ensure the company's sustainability.

#### 4.3 THE COMPANY'S STRATEGIC PLANNING CONSIDERING FUTURE NETWORK OPERATIONS

Based on the market study and the financial analysis, it was possible to verify that there is room in the market for a new paint store in the city of Toledo and that it is viable and that the return on investment, considering the realistic scenario, will occur in 4 years and 6 months. In order for the company to achieve this viability in the proposed timeframe or in a shorter timeframe, as can be seen in the optimistic scenario, it is necessary to draw up strategies for the achievement of the organization's objectives.

Having said this, it is necessary to establish which paths the company wants to follow, its purpose, objectives, strategies and actions. To make it clearer to all stakeholders, these company premises become essential to be defined within the Strategic Planning. Starting with the definition of mission, vision, and values, according to Frame 12.

<b>Mission</b>	Bringing happiness in the form of colors to people's lives.		
<b>Vision</b>	To be the largest paint chain in western Paraná by 2037.		
<b>Values</b>	Honesty, Quality;	Responsibility, Agility;	Empathy; Quality; Agility; Simplicity; Teamwork;

**Frame 12:** Mission, vision, and values  
Source: Elaborated by the author (2022).

The Mission is the definition of the reason for the company's existence. Next, it was necessary to reflect on where this store opening project wants to get to and, therefore, its vision was defined. Having the reason for opening the company and where it wants to go, it was also necessary to define the values that govern its essence, to guide customers, employees, suppliers, partners, and everyone with business involvement. In addition to developing these guidelines, it is essential to communicate them to stakeholders so that employees are engaged with the strategy (Lawlor, 2010), it is relevant that they are periodically reviewed, given that the environment is changeable and the company needs to be prepared to adapt to new contexts (Nickols, 2016).

In order to advance in the strategic planning, the SWOT Matrix - Strengths, Weaknesses, Opportunities, and Threats - was performed. Frame 13 explains the reflection made by the entrepreneurs, considering positive and negative points in the internal environment, and the opportunities and threats perceived in the external environment of the organization, according to the proposal of (Kotler & Keller, 2018).

	POSITIVES	NEGATIVES
	<i>Strengths</i>	<i>Weaknesses</i>
INSIDE	<ul style="list-style-type: none"> <li>-Experience of the partners in the paint business;</li> <li>-Members' administrative and commercial experience;</li> <li>-Factory store;</li> <li>-Partnership with multinational factory;</li> <li>-Existence of working capital.</li> </ul>	<ul style="list-style-type: none"> <li>- New company in town;</li> <li>- Brand without tradition;</li> <li>- Customer is not formed;</li> <li>- Team is not integrated;</li> <li>- Lack of purchasing history - suppliers;</li> <li>- undefined location;</li> <li>- Professional training.</li> </ul>
	<i>Opportunities</i>	<i>Threats</i>
OUTSIDE	<ul style="list-style-type: none"> <li>- City in expansion;</li> <li>- Passive service and marketing lagging behind the competition;</li> <li>- Database construction, CRM;</li> <li>- Standardization of the brand;</li> <li>- Acting on social networks;</li> <li>- Partnerships with engineers, architects and painters;</li> <li>- Expansion of the network to other cities;</li> <li>- Partnerships with complement factories.</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in the cost of construction material;</li> <li>- Housing policies;</li> <li>- Indebtedness of the population;</li> <li>- New direct and indirect competitors;</li> <li>- Difficulty in finding suitable commercial room;</li> <li>- Harvest frustration;</li> <li>- Inflation;</li> <li>- Economy due to external factors such as the coronavirus pandemic.</li> </ul>

**Frame 13:** Swot Matrix

Source: Elaborated by the author (2022).

a) **Strengths** are competencies that can help in the fulfillment of business objectives.

- Partners' experience in the paint industry: The company has over 20 years of experience in the paint trade and, in addition to the paint industry, has already owned two other businesses related to the aforementioned industry. Besides its own stores, it has already managed the opening of six other stores in the same segment.
- Administrative and commercial experience of the partners: both partners have vast experience in conducting business, with special emphasis on the commercial and administrative areas.
- Factory store: The factory of the company's flagship products belongs to the same owner of the future chain of stores and is 50 km away from the model store. This is a very favorable point because it will be easier to negotiate products, payment methods, speedy delivery, and the possibility of customizing some products, among others.
- Partnership with a multinational factory: This company is well known in the paint business; it is already a veteran and consolidated worldwide. It is not expressively present in the Toledo-PR paint market and offered the partnership with the purpose of increasing its market share in the Western Paraná paint market. It will provide financial incentives for marketing, a paint machine that costs around R\$50,000.00, and a price list with reduced prices for all its own products. In return, the model store will need to buy a monthly quota

of products, viewed positively. The company will be able to integrate this number of products into its sales goals in order to maximize the commercialization of the products.

- Working capital: The company will start its activities with financial contribution from the partners, without the need to resort to banks or financial institutions.

**b) Weaknesses:** are internal limitations that can hinder the progress of the company and, consequently, its objectives.

- Company new in town; brand without tradition: The company is not known in town and this is a negative point, because it takes some time to establish itself and be accepted by the consumer;
- The company does not have a customer database, does not have a sales history, and is not known by the customers.
- Team is not integrated: Since it is a new company, it will be necessary to form a team, initially of 4 people, according to Chart 8. As these people do not know each other, do not know the workflow of the new company, and may not have experience specifically in stores of this segment, the first months will certainly be full of mistakes, hits, corrections, and adaptations. This is a natural process in the formation of new companies; however, they are negative due to the delay in the general alignment of the company and the failures and difficulties faced with the parties involved.
- Lack of purchasing history - suppliers: The company's CNPJ will be new and will not have a history with suppliers in the paint industry and, therefore, will not have the credibility of a traditional client. Generally, in these cases the suppliers have stricter rules for orders and payment conditions, precisely because it is a new company and has no history.
- Undefined location: Despite having some rooms available for rent suitable for this type of store, it has not yet been rented. The company runs the risk of this room panorama changing, due to the fact that the real estate market is constant.
- Professional qualification: as the employees will be new, they may not be fully qualified to perform the function, either because they have not worked in commerce, have no experience in the function, do not know the market and the products to be commercialized, or even because they have a preparation that needs to be adapted to the strategies of the new organization.

c) *Oportunities* are points to be explored that can positively influence the business.

- City in expansion: As seen in item 4.1.1, it is possible to note that the City of Toledo-PR is a prosperous city and has growth forecast for the coming years. The city houses large industries such as Brasil Foods- BRF, which is the largest meat packing plant in the state and in Latin America; The textile industry Fiasul, which serves the domestic market and countries in Europe and South America; The pharmaceutical industry Prati-Donaduzzi, one of the largest industries in the sector of generic drugs in Brazil (Municipality of Toledo, 2022); In addition to the Biopark, a technology park formed in 2016, which has installed 4 universities, research centers, laboratories, business incubator and projection for several other businesses such as hotel, shopping, residential areas, corporate buildings, high complexity hospital, among others (Biopark, 2022).
- The development of Toledo and its organizations makes the city seen as a potential city for investors, as well as for labor attraction. Consequently, it attracts more people to the city in search of opportunities that move the local economy, and civil construction is one of these sectors in motion.
- Outdated competitors' marketing; performance in social networks: Based on the observation made at the future company's competitors, it was possible to verify that communication and marketing are not very accurate. This is an opportunity to be explored, using the 4Ps of marketing to gain competitive advantage, including innovating in the sector with the active use of digital media and online sales.
- Database construction: with Customer Relationship Management - CRM - Given the lack of customer history, the company has the chance to start organized in such a way as to create a complete history of the customer and of the people who visit the store. This data can be used later in an intelligent way to multiply business.
- Brand standardization: this is the first store in the chain, and therefore it is the moment to standardize all the processes so that they can be replicated in the next stores.
- Partnerships with engineers, architects, and painters: despite being a beginner in the market, it is possible to think of strategies to attract professionals from these areas to get to know the company and make partnerships;
- Expansion of the chain to other cities: The success of the first store provides an opportunity to follow the initial idea of the business, which is to act in networks.
- Partnerships with complementary products factories: The company has already closed two partnerships for the opening of the store, which are suppliers of paints, putties and textures.



In due course it may seek other suppliers to support this venture, especially in accessories such as brushes, rollers, buckets, and tapes, among others.

*d) Threats* are factors external to the company and that deserve attention for having the possibility of negatively impacting the business.

- Increase in the cost of construction materials: in recent years there has been a large oscillation in civil construction products, and this may lead to a drop in investments in the real estate segment (CBIC, 2021). Besides this, painting materials are the last products used in renovations and construction, and considered finishing items, many buildings are inhabited even before they are painted.
- Housing policies: Government programs that encourage civil construction;
- Indebtedness of the population: according to the National Confederation of Commerce - CNC the level of indebtedness of Brazilian families in 2021 was the highest in the historical series that began in 2010. In December, 76.3% of families were in debt (CNC, 2022).
- New direct and indirect competitors: Entry of new companies in the market, being considered direct the paint stores and indirect other companies that resell products for painting, such as in construction materials stores.
- Difficulty in finding a suitable commercial room: Although the room has already been indicated in this work as the ideal one to install the store, by the time the plan is put into practice it may no longer be available. And as previously described, there was difficulty in finding a room with the characteristics required to open the store, which makes this fact a threat to the organization.
- Harvest frustration: The Agriculture Federation of the state of Paraná - FAEP has made a diagnosis of the losses caused by the water crisis that affected the 2021/2022 soybean harvest, productivity losses in some regions reached 75%. The damage caused in the soybean harvest is over 23 billion reais, there are still losses in the corn harvest totaling 2.2 billion reais and in the bean harvest R\$ 395 million reais. Problems like this cause a domino effect in the economy, because the value that was lost will no longer circulate in the Paranaense economy, thus impacting practically all segments, including retail (Faep System, 2022).
- Inflation: Inflation, while raising prices, reduces the population's income. This fact, among others, ends up hurting business.

- Economy affected by external factors such as the coronavirus pandemic: External factors such as the coronavirus pandemic always reflect on the economy and people's lives causing negative effects on business as experienced in the years 2020 a 2022.

Considering that the main gap found in the analysis of the competition was the passive service provided by salespeople and the lack of performance of the competition in the marketing area, a space was found for a new way of acting in the paint business in the city of Toledo-PR. It is a field known by the founders of the model store, both have commercial experience that will help in the elaboration and fulfillment of the strategic objectives.

The strategy adopted by the company will be customer-focused, and its purpose is to create an excellent buying experience, to win and keep customers, to increase the customer base, to grow sales exponentially, to grow consistently in revenues, to become a reference in the paint business, to have a good reach in its advertising, and above all, to show the company's commitment to the customer.

#### 4.3.1 Intervention proposal

In this section the complementary items of the strategic planning proposed for the organization will be presented, comprising a roadmap of items required for the first store, the strategy to be followed by the chain, the strategic plan, and the sequence for opening the chain's new stores. For the company to be formally opened, it will be necessary to define several issues as will be described below.

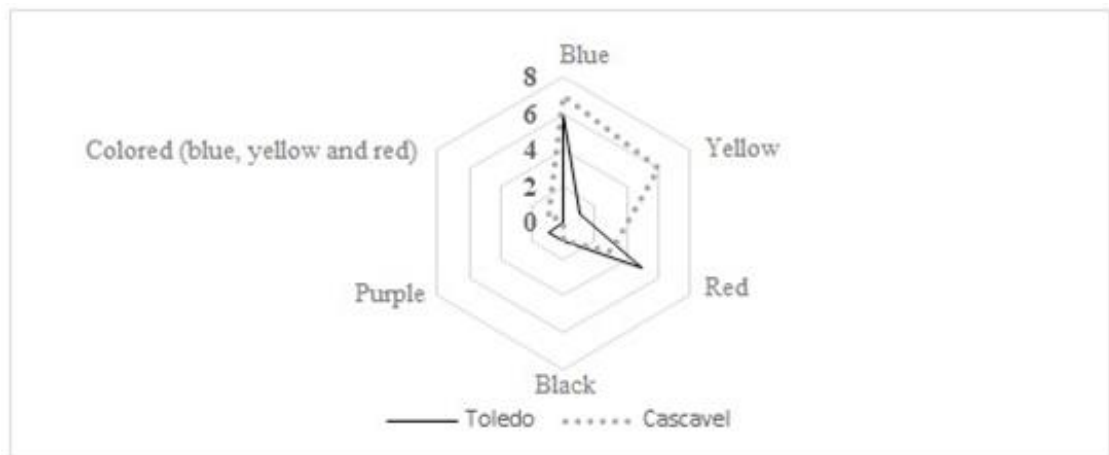
##### 4.3.1.1 Network name

It is important to choose a name for the company, which will be used by all the stores in the chain. We suggest some names, which have not been registered with the INPI: Tintas do povo, Tintas Tradição, Topsul Tintas, Maestro Tintas, PP Tintas, Majestade Tintas, Realeza Tintas, Tintas Mag, Capitão Tintas, Nortedul Tintas, Araucária Tintas, Parque das Cores, Amazonas Tintas, and Loja Colorida. After the choice of the name, it is recommended that the company seeks a specialized consulting in intellectual property in order to have security in the registration and avoid future problems.

Once the company's name is decided, the creation of the brand's standard visual identity is suggested, including the name, logo, applications, slogan, and a possible mascot for the advertising, such information must be aligned with the mission, vision, and values that have already been defined.

#### 4.3.1.2 Visual Identity

In the study of competitors in the city of Toledo-PR, and with a view to the chain's second store in the neighboring city Cascavel PR, the pattern in the visual identity of the main stores in these two cities was observed, as shown in Chart 3.



**Chart 3:** Visual identity of the competition  
Source: Own elaboration (2022).

The colors used in the visual identity/fronfs of the companies are predominantly blue (40%), red (25%) and yellow (22%). In view of this, the company can use an eye-catching color, since it is a paint store, but one that differentiates itself from its competitors. As a suggestion, green, orange, or with several colors can be used.

The definition of the color of the visual identity and logo is necessary for the inclusion of the trademark registration with the INPI, as well as the number of the National Register of Legal Entities (CNPJ) assigned by the Federal Revenue of Brazil in the Opening of the company.

#### 4.3.1.3 Opening the company

To open the first store in the Municipality of Toledo-PR, it is recommended that the company hire an accountant to assist in all the necessary steps until operationalization. Some points to be defined and firmed up with the help of the accounting professional:

1. Define the business address where the store will be located;
2. Define the Trade Name;
3. Define the Trade Name (Trade Name) - that will be used in the promotional materials;
4. Define the code and description of the main economic activity -  
Suggestion: 47.41-5-00 - Retail sale of paints and painting materials;
5. If you have one, define the code and description of the secondary economic activity;
6. Preparation of the articles of incorporation: definition of the opening capital, percentage of participation of each partner, business framework - suggestion: Microenterprise (ME), tax regime of the company - suggestion: National Simple;
7. Registration CNPJ in the federal revenue;
8. Registration with the State Treasury;
9. Municipal registration - Application for a business license
10. Release of the Fire Protection Certificate
11. Social Security registration
12. Authorization for issuing invoices - State Treasury Department.

#### 4.3.1.4 Action Plan

For the company to follow its direction, it is necessary to define a plan in search of the achievement of strategic objectives. The following information portrays the key area of action, what was the point of the SWOT Matrix that led the company to reflect on the need for action, what was the strategic objective to be achieved, and the steps to be followed. As the strategic focus is predominantly on the customer, the objectives were created in the Marketing area.

1 - Strategic Goal: Win clients and manage relationships.

Key-Area: Marketing

SWOT Matrix: Weaknesses - clientele is not formed.

Strategies/Actions:

- Adhere to an information system with CRM integration;
- Demonstrate the importance of the tool for future sales strategies;
- Include the registration of customer information in the employees' routines;

- Monitor the use of the tool, until it becomes routine;
- Use the CRM information for commercial management actions.
- Metric: in 3 months to have created a customer database, and to have initiated the sales conversion actions using the CRM.

## 2 - Strategic Objective: Engage with the public on social media

Key-Area: Marketing

SWOT Matrix: Weaknesses - clientele not yet formed; new company in town; brand without tradition. Opportunities - Acting on social media.

Strategies/Actions:

- Create the social networks Facebook and Instagram. Create a Google Ads profile;
- Define frequency of posts, the professional who will create the content (internal or external), and amount invested for paid publications;
- Start posting even before the physical opening, in order to generate expectations in customers, invite them to the inauguration, and advertise the available job openings;
- Monitor the use of social media, audience, customer interaction, and sales effectiveness;

Metric: 200 new friends/followers per month, reaching in one year with 2,400 followers per social network.

## 3 - Strategic Goal: Create a relationship of credibility with suppliers

Key-Area: Marketing

SWOT Matrix: Weaknesses - Lack of purchase history - suppliers.

Strategies/Actions

- Contact suppliers and request a visit from the company's sales representative;
- Tell the sales representative about the history of the owners in the business, describe the strategies to be followed by the company, in order to demonstrate that despite being new the company has a prosperous future ahead;
- Place the order;
- Maintain the payment of the goods on time;
- Maintain contact with the supplier demonstrating the company's evolution, including demonstrating in numbers the increase in the commercialization of the products.

Metric: In one year, increase the payment terms with suppliers by 30% and increase the discount for cash payment by 5%.

## 4 - Strategic Goal: Create a personalized and unique buying experience for customers

Key Area: Marketing.

SWOT Matrix: Opportunity - Passive service and marketing lagging behind competition.

Strategies/Actions:

- Create your own service process model (customer reception, approach, data capture, sales closing, product delivery, post-sales);
- Keep employees in constant training to offer excellent customer service. In the sales position, additionally courses in the sales area;
- Keep the customer close, create a feedback system to contact the customer. If the client has a work in progress every 7 days, if the client has purchased eventually get in touch every 30 days - this will make the company generate a memory in people's minds and will reflect in more visibility and future results.

Metric: Post-sales with 95% satisfaction.

5 - Strategic Goal: Create a visual identity for the company

Key Area: Marketing

SWOT Matrix: Opportunity - Standardization of the brand.

Strategies/Actions:

- Define the company/person responsible for creating the company's visual identity;
- Define the details of the advertising materials, quantity and values;
- Receive the material and start the use by registering the brand with the logo, façade, cars, institutional materials, and office materials.

Metric: Standardization of all and any visual communication material within 3 months.

6 - Strategic Goal: Create partnerships.

Key Area: Marketing.

SWOT Matrix: Opportunities - Partnerships with engineers, architects and painters.

Strategies/Actions:

- Do a data survey of engineers, architects and painters in the city;
- Structure the approach to be made in the contacts with these people, and what will be the differential offered, whether demonstrating quality, speed, commission on referrals, etc.;
- Set a monthly contact target. Stipulate a return time after the first contact;
- Hold events for partners to get to know the store and the products, and send them gifts and samples;
- Create campaigns and tributes on painter's day (October 18), architect's day (December 15), civil engineer's day (October 25) and interior designer's day (October 30);
- Evaluate the effectiveness of partnerships and sales conversion.

Metrics: Close at least 6 partnerships per month, being with painters, architects, engineers or interior designers.

7 - Strategic Goal: Build a team of excellence.

Key-Area Human Resources

SWOT Matrix: Weaknesses - Professional training; Team not integrated.

Strategies/Actions:

- Publicize available jobs on the company's social networks, trade association, and classifieds;
- Prepare and standardize the candidate selection stages;
- Select the candidates according to the professional requirements described in item 1.3.4;
- Carry out the admissions process;
- First day of work will be the day of integration to the work environment - Deliver uniforms and institutional material of the company with the standards and company information;
- Demonstration of the points of the company's strategic planning, strategies to be followed, stakeholders and team composition;
- Create a schedule of courses to be taken by employees according to their function.

Metric: Employees prepared to perform their functions, and zero turnover in one year.

8 - Strategic Goal: Sustainability of the company.

Key Area: Financial

SWOT Matrix: Strengths - Own working capital

Strategies/Actions

- Create financial controls based on the financial viability analysis performed in this study;
- Follow the evolution of costs and revenues of the company;

- Make an alignment whenever necessary with the sales department, so that the revenues are in accordance or superior to what was planned;
- Perform the monthly closing and evaluate points to be improved.

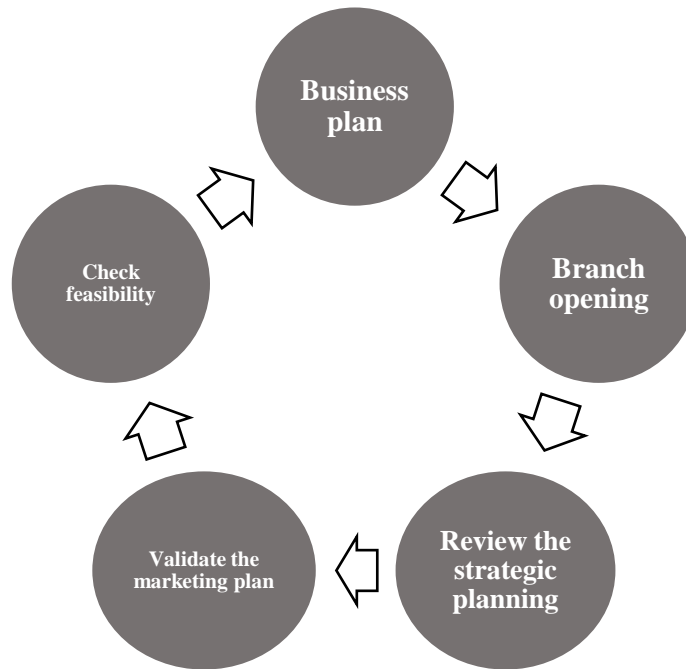
Metric: Be within the financial parameters projected in the financial analysis.

It is highlighted the importance of carrying out the strategic planning since the first store in the chain, considering that each stage of strategic planning is important and can have a positive relationship with the company's performance, and there are also indications that can impact the financial and non-financial performance indicators. The planning stage that has the strongest link with performance is the analysis of the environment (Arasa & K'obonyo, 2012).

The monitoring of strategic objectives should be constant, in order to adjust actions according to the rapidly changing market. The company, being open, will encounter new events, which will require adjustments in planning. As the company will have a group of people involved, it is necessary that everyone participates, so that they contribute and feel part of the process.

After the first business is opened and the strategic planning has been reviewed, it is necessary to verify the marketing plan and check if the business has reached the feasibility proposed in the financial analysis of this study. The feasibility of the first store allows the study of the next store in the chain and it is advisable that, in the sequence, the study be done in cities similar to Toledo. It is recommended that the company take as a basis the optimistic scenario to define its sales goals, and that at the end of 2 years of the first store, it already starts planning the next store, and so on, successively.

In addition, it is indispensable in the process, a person responsible for assembling the stores, which will have the no hall to replicate the knowledge acquired in the previous stores. It will be a constant cycle, according to Figure 12.



**Figure 12:** Opening cycle of the chain stores  
Source: Elaborated by the company itself (2022).

It is necessary to find an ideal combination between formalization of planning and flexibility of this process. This adaptation is a precursor of innovation, since it allows the company to adapt to the preferences of its customers, economic aspects, new opportunities and threats, new technologies and regulations (Dibrell & Craig, 2014). The continuous generation of innovative knowledge motivated by strategic planning is vital for the sustainability and growth of organizations, especially in this dynamic business environment (Arend, Zhao, Song & Im, 2017).

Strategic planning is even more relevant in more turbulent times, as is the case today, the Covid 19 pandemic and the War in Ukraine, which is directly impacting the global economy. The study conducted by members of the Association for Strategic Planning in Toronto, Canada, in times of economic crisis from 2007 to 2009 corroborates this statement. Companies that have strategic planning practices for decision making are proactive and able to take advantage of growth opportunities as they appear in times of economic disruption. Those that experienced growth in the face of crisis had a strong planning culture and were able to use what was planned productively during the crisis (Wilson & Eilertsen, 2010).

Finally, the market study, the financial analysis and the strategic planning were presented and validated with the investors.



## 5 CONCLUSION

The objective of this study was to conduct a feasibility analysis for the opening of a paint store with the prospect of operating in a network, starting with a model store in the city of Toledo-PR. In order to assist in the execution of the general objective of the work, a market study was carried out in the paint segment in the city of Toledo; the economic and financial analysis for opening the store and the preparation of strategic planning considering the future network operation.

The city that was chosen to be the headquarters of the chain's model store is the city of Toledo, in the state of Paraná, whose development is constantly growing and, despite having been affected in the Brazilian economic crisis, mainly due to the Covid-19 pandemic, in the municipality, the construction sector remained booming. The market study pointed to gaps unexplored by the competition, a considerable target audience for the new store, and commercial viability for the installation of the new store.

The financial indicators pointed to economic and financial feasibility for opening the model store of the chain of stores in the city of Toledo-PR in the realistic and optimistic scenarios, and unfeasible considering the pessimistic scenario in the 5-year horizon. This complementary analysis, considering scenarios, served mainly to demonstrate the care that investors need to take in relation to financial management, because no matter how small the oscillation may be, it can cause financial complications for the business, making it unviable.

Based on the market study and the financial analysis, the strategic planning of the new business was built, with the definition of the mission, vision, and values, and the definition of the strategy adopted by the company, focusing on the customer. It was also proposed the plan to be followed with eight strategic objectives related to the points identified in the SWOT Matrix, broken down into several actions.

The opening of the company is already underway, including the registration at the INPI of one of the names suggested in this work. It is expected that after the maturation cycle of the first store, continuity will be given to the opening of other stores to form the network. In view of this, suggestions were made for the expansion of the stores with the definition of sales targets considering the optimistic scenario, the beginning of the planning of the next store in the chain in 2 years, and the construction of a cycle to be considered for the opening of new stores. With the data and results obtained in this study, it is understood that there was a practical contribution to the opening of the store in question, besides bringing greater security to investors in relation

to the structuring of the business. It is hoped that this work will also contribute to studies of similar networks or other businesses.

As a suggestion for future research, it is recommended that this study be carried out in other cities where the chain will be installed, and that stores of different sizes be studied, taking into account the size of the city to be installed. Future studies can explore other types of networks, i.e., in other segments. And finally, research with a longer time horizon can employ the practical application of business networks, experiencing their challenges and aspects that contribute to success.

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