

المخزنة



Depot

GULF DEPOT



# Business Model

Kingdom of Saudi Arabia

# Introduction

Gulf Depot is one of the biggest suppliers of Building Materials in the Kingdom of Saudi Arabia. As the Gulf Depot brand becomes more recognized it is important that all our stores present a consistent image and ensure our stores are easily distinguishable from our competition and offer our customers the same familiar surroundings, whatever store they visit.

Gulf Depot was founded in 2002, and is a member of the Roots Group, a group of companies located throughout the Middle and Far East. Our concept is to serve the end user and small subcontractor with their day to day building material requirements from well stocked and convenient locations. Currently we have 30 operating outlets, mainly located in the Kingdom of Saudi Arabia. The concept is cash and carry and walk in customers basis.

Our stores constantly display new and innovative products ensuring we have the most up to date product ranges available in our stores. Our vision is to introduce new and innovative products and services to our stores which will sustain and enhance the achievements and growth we have achieved to date.

Gulf Depot is looking for a new strategic partner to expand and grow the business in KSA.

## 01 | Introduction

Franchise Idea 05

## 02 | Investement

Location and rent space	07
Rent Amount and stock value	09
Fixed asset and decoration	09
Franchise fees	09
Return on Investement	09-A

## 03 | Materials

Material Selection	11
Material Purchasing	11
Selling Price	11

## 04 | Operation

Supply Chain	13
Logistics	13

## 05 | Employee & Procedure

Man Power	15
Training Program	15
Dress Code	16
Working Hours	17
Check list	17
Documentation	17

# Table of Contents

## 06 | Point of Sale

Corporate Image	19
Manufacturers Literature	19
Carrier Bag	19
Video	19

## 10 | Racking and Shop Fitting

Perimeter Racking	27
Internal Racking	27
Hook Specification	27
Manufacturers Stands	28
Warehouse Racking	28
Heavy Duty Racking	28
Small Product Displays	28
Free Standing Display	28
Large Product Displays	29
Gypsum tile Stand	29
Counter Desk	29

## 09 | Internal Specification

Wall Colors	25
Celing Finish	25
Lighting	25
Floor Covering	25
Air Covering	25
Toilets and Kitchens	25

## 08 | External Specification

Signage	23
Shop Frontage	23

## 07 | IT System

Software	21
Hardware	21



Section 01

# Franchise Idea

Gulf Depot objective is to become the pioneer in this industry and to be the no.1 supplier's choice to our customer. Our vision is to expand and open 20 new showrooms in KSA by the year 2017 and to widen our customer base .

This will be achieved by increasing our store coverage and product ranges making us the one stop solution to our customer's building needs, while consistently delivering industry leading Customer Service.

With the help of a strategic partner we believe we can reach it. Gulf Depot is looking for a solid partner to join hand in hand into this venture.

### **The Key Benefit to our partners will be:**

- Company well know household name
- Company image
- Customer database
- Know how
- Logistic and product selections
- Materials centralized purchasing
- Lay-out plan display and decoration
- Supervision and support from our franchise team
- Training for the staff
- Marketing coverage through our web site, Facebook and other...
- Selling prices

Please see next the investment, specifications, materials and requirement for you to follow accordingly.



Section 02

# Investement

- Location and rent space
- Rent Amount and stock value
- Fixed asset and decoration
- Franchise fees
- Return on Investment

## Location and rent space

The shop location represents a key factor in Gulf Depot business. It is 60 % of the business turnover. The street location and the area will determine the growth in sales at Gulf Depot. The shop should be located in a high traffic area with other building materials shops surrounding it. They should be enough parking spaces in front of the shop in order for the pick-up truck and customer to park their car. We also recommend that the front view of the showroom to contain a minimum of two door glass opening with each 5 mtr. wide and 2.5 mtr height. The showroom should come with an open space without column in the middle and with only a one level ground floor.

This will give a good display and view for the products that we are selling.

As per our study, if the shop is located in main cities, we recommend a showroom space area in the range of 112 m2. If the shop is located in remote area where there is no access to the central warehouse, we recommend a space area of 300 m2 of which 100 m2 for showroom and 200 m2 for warehouse and stocking. (It is preferable to have an open space showroom and then to divide the space into two areas).

The following locations are recommended available area to open a new showrooms. Please see the below table and geographical map for your reference. Those 15 areas have potential growth in construction and business opportunity.

Cities	Area/ Street
Jeddah	Obhur area Sabar (Economic Cities) area Eighty street
Riyadh	Anas Bin Malek Street North Takhassousi street Wadi Al Laban area
Damman	Airport Road area Al Qatif area
Wadi Al Dawaser	South /Central area in KSA
Al Kharj	Central area in KSA
Khaffji	Eastern Area in KSA
Najran	Southern Area in KSA
Ar'ar	Northern Area in KSA
Rafha	Northern Area in KSA
Al Quarryat	Northern Area in KSA



## Store Locations Existing and Potential



Potential Location Opening



Existing Store Locations

**“Sometimes Your  
Best Investments  
Are The Ones You  
Don’t Make”**

**Think. Invest.**



## Rent amount and stock value

As per our recommendation, the yearly rent amount for the store in the main cities should be in the range of 115,000 SR and as for the remote area rent should be in the amount of 105,000 SR ( Both of them represent 6 % of the total yearly turnover).

The Total minimum stock value for the main cities shop should be in the ratio of 1.11 vs. sales and 0.70 vs. sales for showroom located in remote area.

## Fixed asset and decoration

A budget for the fixed asset (stand, display, signboard, table, computer hardware...) should be allocated for the amount of 70,000 SR for the shop in the city and 185,000 SR in remote area.

## Conversion Table

	<b>Showroom Size/m2</b>	<b>Stock Turnover Ratio</b>	<b>Rent SR/m2</b>	<b>Fixed Asset SR/m2</b>
<b>Shop In Main Cities</b>	<b>112</b>	<b>1.11</b>	<b>1,043.00</b>	<b>610.00</b>
<b>Shop In Remote Area</b>	<b>300</b>	<b>0.70</b>	<b>345.00</b>	<b>610.00</b>

## Franchise fees

The total initial investment cost required to open one showroom will range from the amount of 320,000 SR to 500,000 SR without the operation cost depending on the location of the showroom.

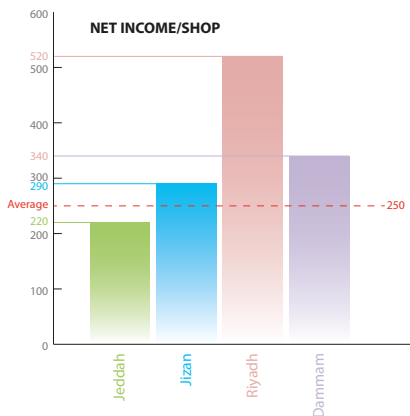
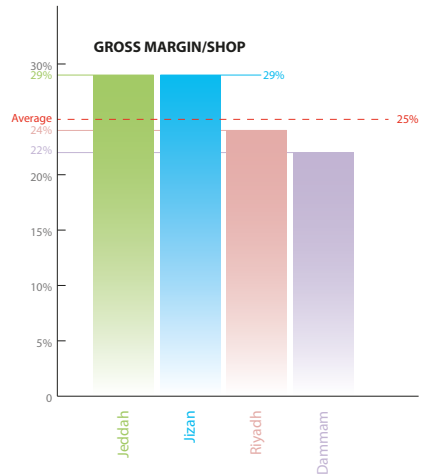
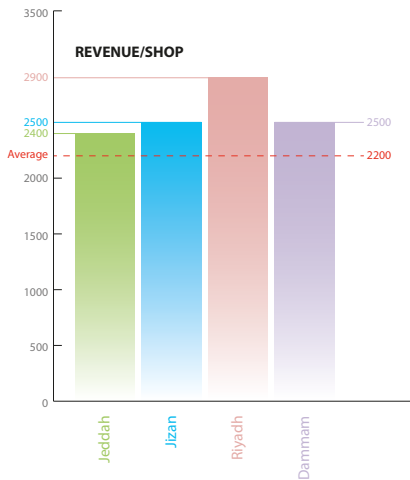
Gulf Depot will require 50,000 SR as yearly royalty fees for each showroom to be opened. The fees details and starting date will be covered in the franchise agreement.

Gulf Depot will not be involved in the day to day operation of your business. Gulf Depot will require a minimum of 3 showrooms for each franchise given. Gulf Depot can at anytime cancel the franchise if all of the next condition are not met by the new partners.

## Return on Investment

Please see below table and graph with actual data from our existing showrooms. The total revenue per year per shop will be in the range from 2 Million to 3 Million SR. The ROI will be in the range of 10 to 24 months from the initial investment.

### Actual Financial Report / 2014 Year SR 000





Section 03

# Materials

Material Selection  
Material Purchasing  
Selling Price

## Material Selection

Materials selection would be provided by Gulf Depot Management and depending on the area and the requirement. Gulf Depot product range as follow:

- A. Ceiling tiles ( Mineral fiber, vinyl gypsum)
- B. Metal partitioning and ceiling profile and T-grid used for both gypsum board and ceiling tiles
- C. All type of gypsum board and cement board
- D. Construction chemicals such as tile adhesives, bonding agent
- E. Paint
- F. Hand and power tools
- G. Insulation and waterproofing materials
- H. Electrical and plumbing materials
- I. Flooring

## Material Purchasing

All materials will be purchased from one centralized unit in order to have the best purchasing prices from the supplier / factory (Economy of scale). Accordingly all materials will be delivered to a centralized warehouse. The salesman has no right at any time to negotiate or deal with any suppliers directly. No goods which are not mentioned in our products selection/ catalogs are allowed to be purchased unless it is authorized by the head office first. Gulf Depot will supply and sell it products to the new Partner at cost + 4% ( Four percent ) profit. A bank guarantee will be required in order to secure our payment for the materials purchased.

## Selling Price

Selling prices are set/ decided by the Management and then fix into the ERP system. No discount is allowed unless it is a promotional campaign. Selling prices should be well studied in order to meet market survey and demand and provide a good margin for the company.



Section 04

# Operation

Supply Chain  
Logistics

## Supply Chain

In order to have a proper operation, the Gulf Depot showroom must have a back up warehouse and a pick up lorry for either direct delivery to customer site or to the showroom for stock replenishment. A physical spot check should be made on a periodical basis in each showroom in order to control the inventory level.

## Logistics

It is the responsibility of the salesman to check the stock and make replenishment by using the minimum level provide by our ERP system in order to avoid shortage of stock and hence loss of sales. At the same time, the salesman should coordinate with the store supervisor for the delivery schedule to either customer or showrooms.







Section 05

# Employee & Procedure

Man Power  
Training Program  
Dress Code  
Working Hours  
Check list  
Documentation

## Man Power

The concept of Gulf Depot is to have one salesman in the showroom and two helpers to unload and load the materials onto the customer pick up accordingly. The salesman role is to play both a cashier and a sale person by providing information on products and prices to the customers. At Gulf Depot we create an added value by giving advice to the customer on the required quantities and the proper materials to be used for his specific task on hand with the help of our training program.

## Training Program

All employees before joining Gulf Depot must undertake our training program dedicate for them in order to increase products knowledge, sales and customer satisfaction. Each training session is divided into two parts. The first session is theoretical classroom based using video and product's booklet in a lecture situation. The second session is practical with the chance to handle and install the products in a controlled environment, putting into practice the theory they learned in the 1st session.



## Dress Code

All employees must wear the Gulf Depot uniform at all time.

The salesman must wear a white long sleeve shirt with an ID badge.

All drivers and labors must wear the blue & yellow Gulf Depot polo shirt accordingly.





## Working Hours

The showrooms working time must be 6 days a week with 8 hours per day on either one or two shift depending on the working hours requirement in the area.

## Check List

Salesman daily check list

- To be sure glass window and surfaces are clean
- To check inside light and signboard if they are working properly
- To check all products for prices and bar code tags
- To ensure that all the shelves and display racking are full of products (empty space does not sell)
- To turn the TV & DVD on/off
- To check if the leaflets and catalogs are well displayed in a correct way
- To make sure that all the staffs are wearing the ID badge and uniform

## Documentation

All salesman must submit the required expenses and sales report on a monthly basis to make sure that the cash register are closed on time.

All cash sales must be entered in the bank on a periodical basis. The salesman must sign two guarantee letters (one for stock and the other for cash sales).



Section 06

# Point of Sale

Corporate Image  
Manufacturers Literature  
Carrier Bag  
Video

## Corporate Image

Gulf Depot now has a clearly defined corporate policy regarding our printed image. This extends across all our activities from the web site, Product Brochures, Special Offer Literature to Product Identification signage for displays in store. It is not acceptable to display hand written signs or other manufactures literature without express authorization from Head Office.

## Manufacturers Literature

Where possible, manufacturers supplied literature will be dual branded, featuring the Gulf Depot logo and web address. All manufacturers promotions must be authorized before hand by Head Office and not implemented at store level first. Failure to observe this procedure could result in the removal of a manufacturers products from all our stores and associated companies.

All showrooms must display all catalogs, literature, flyers and business card in a well proper visible manner at the reach of the customer on top of the counter desk.

## Carrier Bag

Each products much show the prices and the bar code tag. All the small products must be giving and handed out to the customers in Gulf Depot plastic yellow carrier bag.

## Video

All showrooms must have a TV and a DVD player fixed behind the counter and on top of the salesman desk. This video will display all the installation of Gulf Depot's products. By doing so, the customers can learn and get educated on the products that Gulf Depot is providing.



Section 07

# IT System

Software  
Hardware

## Software

All showrooms must use the Dolphin ERP system for inventory and invoicing and Capillary loyalty ERP system. A DSL internet connection in the showroom is needed. This will facilitate the information flow and analysis at all time and to have access 24/7. All salesman must issue and print one invoice per customer at all time for each transaction by using the Gulf Depot invoice paper format

## Hardware

All showrooms must be equipped with the following hardware. Full computer system with HP A4 printer, scanner, telephone land line, bar code reader machine and an ATM/Credit card machine for the payment mode. On addition a minimum of two cameras and a fingerprint machine must be installed in the showroom in order to avoid theft of inventory and to monitor the time sheet attendance. One of the wall mounted camera must have visual on the employee front desk and the other one facing the exit door.





Section 08

# External Specification

Signage  
Shop Frontage

## Signage

The main Gulf Depot sign board above the front door is made up of an illuminated light box design with the yellow fascia board lit from behind. It features the company logo in the centre and is made up of a Blue text on a yellow background.

The English text is in the typeface Helvetica LT 85 Heavy with the Arabic typeface being GE SS TV Bold. The Primary yellow color is Pantone 109C or C0,M10,Y100,K0 and the blue color is Pantone 7469C or C0,M10,Y100,K0. Unless local regulations apply, the main sign board will feature English and Arabic text.

## Shop Frontage

The front elevation of the building is made up of full height clear glass windows with two suitable exit/entrance doors. A sticker mentioning all products logo and description should be put on the glass window, however it should not obscure the glass in any way.





Section 09

---

# Internal Specification

Wall Colors  
Celling Finish  
Lighthing  
Floor Covering  
Air Covering  
Tiolets and Kitchens

## Wall Colors

The front and back walls should be painted Blue reference L017 and the side walls painted Yellow L077, both in Semi Gloss Emulsion finish.

## Ceiling Finish

The ceiling should feature a range of our ceiling products, laid out in a 600mmx 600mm grid format with recessed light fittings. If space allows, an area of 2mx3m should be set aside for this. Larger ceiling areas will be finished in a cost effective manner and painted in a neutral color. All services such as pipe work, electrical cables and trunking should be hidden or painted out to match the surrounding area.

## Lighting

The main area is to be illuminated with recessed light fittings into the Gypsum board ceilings. These fittings should be 21cm in diameter and feature energy efficient lights.

## Floor Covering

Floor coverings shall be covered in ceramic tiles, finished in a Gray color. The tile size shall not be less than 40x40cm but ideally 60x60cm depending on local market conditions. The floor is to be laid first before any fixtures and fittings are installed so that there is flexibility to change displays and store format without exposing areas of unfinished floors.

## Air Covering

Where possible, all stores will feature wall mounted air conditioning, located at a height of not less than 230cm above the finished floor level.

## Toilets and Kitchen

Provision must be made for toilet facilities and an area suitable for preparing hot drinks.



## Section 10

---

# Racking and Shop Fitting

Perimeter Racking  
Internal Racking  
Hook Specification  
Manufacturers Stands  
Warehouse Racking  
Heavy Duty Racking  
Small Product Displays  
Free Standing Display  
Large Product Displays  
Gypsum tile Stand  
Counter Desk

## Perimeter Racking

The perimeter of the store will consist of 2.1m high supermarket style shelving, with perforated back panels and two shelves for each 1m wide module. A sticker logo representing the supplier name should be put on each stand i.e. 'Mimar'.

## Internal Racking

Any shelving not against the perimeter will be 1.5m high, double sided, perforated back panels and with the provision for adding additional shelves. These modules will also be 1 meter wide. Both racking options will be finished in white/cream color and with a powder coated finish.

## Hook Specification

All products are to be displayed using double peg hooks, either 15cm or 22.5cm long.



## Manufacturers Stands

No other manufacturer's stands are to be used in our stores unless they are for a specific specialized product range. If the installation of such specialized racking is approved, then it is to feature dual branding, Gulf Depot and the Manufacturers, and not be above 2.1m in height unless the product range dictates this. Manufactures stands may incur an annual rental charge for displaying in our stores.

## Warehouse Racking

Warehouse racking will be constructed from rectangular section galvanized tubing, 10cmx5cm in section, two bays high and of a suitable strength to store and display two pallets of plasterboard, approximately 4000kg's. The dimensions for the 2.4m plasterboard racking is 2.6m long, 1m wide and 2m high. Wall mounted racking is used to display the metal profile section, each bay capable of supporting 1500kg. It is secured to the floor and walls with the uprights positioned 3m apart.

## Heavy Duty Racking

Free standing heavy duty racking should be sourced locally. It is made up of blue ends and grey beams and shelves. The ends are either 570mm or 900mm wide and the beams are 2.03m long.

## Small Product Displays

Blue plastic storage bins are used for the display of metal and other loose small products.

## Free Standing Display

All free standing displays are to be placed on a red pallet made of 18mm plywood fixed to 10cm high beams. They are to be painted Red, reference L134 Gloss. These plinths can be used for special offer displays but no product is to rest or be displayed on the floor.

## Large Product Displays

Large or loose items will be displayed in 1m modular red wire baskets. These units can be stacked up to 4 units high and sectioned by flexible dividers to separate the stock should a full meter not be needed. The baskets and dividers are made of plastic coated or powder coated metal mesh, both finished in Red, reference L134.

## Gypsum Tile Stand

Gypsum ceiling tiles are displayed on a free standing metal stand, capable of displaying 9 no 60x60cm gypsum tiles. The stand is constructed from 2.5m galvanized tubing with support brackets welded to the frame to display the tiles. All tiles are identified with Gulf Depot specific point of sales.

## Counter Desk

The cashier should be located in a well visible area in the showroom facing the front entrance. The counter desk made of wood should be in grey color with 1.1 mtr. height, 55 cm width and 1.7 mtr. long and should hide the salesman working table of size 70cm x 120cm. One black chair would be allowed for the salesman.





## Confidentiality Statement and Legal Disclaimer

The provisions of this Business Model are private and confidential. Unauthorized reproduction or distribution of this business model or any of its contents in any form or under any circumstances without the Company's prior written consent is prohibited.

The Recipient is responsible for returning all copies of the Business Model immediately upon request of the Company. While the information set forth herein is deemed by the Company to be accurate, the Company shall not be held liable for the accuracy of or any omissions from this Business Model or for any other written or oral communication transmitted to the Recipient and any other party in the course of its evaluation of transactions involving the Company.

The information contained in the model will require careful scrutiny, verification and due diligence efforts from the Recipients of the model. Any person or entity seeking to make an investment in the business should not rely on the information set forth in the model as complete. In addition, the analyses contained herein do not claim to be appraisals of the assets, or the valuation of any entity.

The business makes no guarantees regarding any benefits received from investment, nor the legal, tax or accounting effects of any transaction; and this Model does not constitute an offer to sell, or a solicitation of an offer to buy securities. In furnishing the Business Model, the Company undertakes no obligation to provide Recipients of the Business Model with access to any additional information or to update this Business Model or to correct any inaccuracies that may be contained herein.

There exists substantial information with respect to the business and its future prospects, and there are a substantial number of risks associated with an investment in the business, which are not set forth in the model.

Furthermore, the figures (the "Figures") contained in the model are subject to change due to unexpected events, market shifts, or circumstances that cannot be known at this time. Figures are based on expectations, estimates and projections at the time the statements were made that involve a number of economic, business, and numerous risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Such estimates and projections are subject to significant uncertainties beyond the control of the Company. Although such projections are believed to be realistic, no representations are made as to their ultimate attainability.

Prince Sultan Street, Al Naim District  
Royal Plaza Building, 5th Floor  
P.O. Box 126527, Jeddah 21532, KSA

T 012 234 2685

F 012 234 2687

E-mail. [info@gulf-depot.com](mailto:info@gulf-depot.com)  
[www.gulf-depot.com](http://www.gulf-depot.com)

CR No. 4030032975

**Headquarters**



Scan with your  
Smart Phone



Check in Latest  
Video Information  
[/watch?v=J8nyl5K1dxs](https://www.youtube.com/watch?v=J8nyl5K1dxs)



Like Us  
[/GULF.DEPOT.DIY](https://www.facebook.com/GULF.DEPOT.DIY)