

Starting A Business



JUNKSHOP & SCRAP BUSINESS

Starting a Business

A **Junkshop and Scrap Business** is a simple buy and sell business, which is less considered by many since the traded products are unclean and soiled. But in another view, it is a lucrative business that generates a lot of money both for garbage collectors and junkshop owners.

This business is most relevant today considering that the government has promoted environmental awareness among its citizens, expressing the need for proper waste disposal and recycling of materials as a major factor in protecting the environment.

As one of the sectors involved in the country's Solid Waste Management, junkshops are now being recognized for its large contribution in recycling activities and waste recovery.

I. ESTIMATED INVESTMENT COSTS

Minimum Starting Capital Investment: P100,000.00

Fixed Investment

- Business licenses and registrations
- Security (refundable) and advance rental deposit equivalent to 4 months, if business space is on lease/rent
- Operating Equipment
 - Weighing scale (Bascula)
 - 50-kg. countertop/hanging weighing scale
 - 2 Metal push-cart (cartilla)
 - Acetyline Torch and Gas Tank
 - Pulley
 - Tools (steel saw, pliers, vice grips, screw drivers, hammer, "baretta de cabra", etc.)
- Vehicle, pick-up-truck (optional)
- Renovation, in case of land lease
- Miscellaneous

Revolving Fund

- Purchasing cash

Labor Cost

- 1 General Manager
- 1 Officer-in-Charge (minimum wage)
- 1 Driver/Helper who can also act as Checker (minimum wage)
- 2 Helpers who can also act as checkers (allowance + free board)

II. THINGS TO CONSIDER

A) Sourcing of Potential Clients

Clients are recycling agents to whom the junkshop owner will be selling the junk items, which have been sorted and segregated. The junkshop owner must search the market for several possible recycling agents to get the best deal possible such as a lock-in period with regard to the buying price of a specific item within one month. Cost of delivery/pick-up also affects the price and should always be taken into consideration. The junkshop owner must bargain for the best deal possible and coordinate with the respective recycling agents as to the payment schedule and volume of deliveries or pick-up.

B) Walk-in Procedure for Retailers

Retailers are the scavengers, with or without pushcarts, and residents of nearby communities and local business establishments. To avoid pilferage and maintain an accurate inventory, a step-by-step procedure should be applied in the business:

1. The walk-in customer/retailer with the recyclable items will be met and assisted by the helper. The helper will inspect the items and sort it out if needed. He will be the one to put the items in the weighing scale.
2. The OIC will then do the actual weighing. He will fill up a "weigh slip" wherein the type of item and its corresponding weight is reflected and his signature is affixed. The OIC shall submit the slip to the Cashier.
3. The helper shall then transfer the weighted items to the corresponding stock area.
4. The Cashier shall compute the total amount due to the customer.
5. The customer must personally receive the amount and sign the slip of paper as proof of payment.
6. The cashier shall file all Weigh Slips on a daily basis.

C) Daily Accounting

On day one of operation, a pre-determined amount shall be the basis of the Starting Purchasing Cash (SPC), which shall be maintained and replenished at the start of each working day.

- At the start of each working day, the Cashier shall count the SPC, which should be the pre-determined amount as mentioned.
- At the end of each working day, the Cashier shall make a summary of all purchases and enter it in a log book based on the filed Weigh Slips.
- The Cashier shall also note down all expenses made for the day, excluding purchases on a separate log book.
- The SPC less all purchases and expenses of the day should match the existing cash-on-hand.
- The Cashier shall then make a cash count for the day.
- All cash in-flow coming from the Junk Shop's sale to the clients shall be directly deposited to business' bank account.

D) Trading Process

• Buying

- ⇒ Search for potential wholesalers who have by-products in their businesses that would fall under the categories that the junk shop owner would be buying.
- ⇒ Buy directly from wholesalers/establishments with by-products or junk items.
- ⇒ Tap scavengers by providing them wooden pushcarts (*kariton*) on the condition that you will have the priority of their junk products and these will be bought at a lower cost to cover for the cost of the cart.
- ⇒ Give incentives (e.g. allow advances up to a certain amount to maintain the in-flow of materials, with the limit on advance and up to the prerogative of the junk shop owner)

• Selling

- ⇒ Sourcing of potential clients must be a continuous process.
- ⇒ The following are the basic factors to consider as to whom each type of item/material is to be sold: a) payment terms; b) schedule and volume of pick-up and/or delivery.
- ⇒ If there is a broker or agent for the client, it should be pre-agreed upon by both the Junk Shop and the Client that all payments should be made directly to the Junk Shop owner or his duly authorized representative.

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III. ESTIMATED COSTING AND PRICING (as of February 2009)

Items	Buying Price per Kg. from the "Kariton"	Average Selling Price per Kg. to the Recycling Center
Papers		
• Old newspapers, periodicals, other newsprints, etc.	4.50	5.00 - 5.50
• Bond Paper (white)	7.00	7.50 - 8.50
• Carton and Cardboards	2.00	2.50
Glass Bottles		
• Beer, softdrinks, selected hard liquor, soy sauce, fish sauce, etc.	1.00	2.00
Metals		
• Copper (red)	140.00	150.00
• Copper (yellow)	90.00	105.00
• Aluminum	35.00	40.00
• Aluminum (jalousie framing)	45.00	50.00
• Aluminum cans	25.00	35.00
• Aluminum bottle caps	10.00	20.00
• Zinc	10.00	20.00
• Lead	20.00	35.00
• Stainless	20.00	45.00
• Casserole	15.00 - 33.00	35.00
• GI sheets/Ordinary Steel	7.00 - 8.00	10.00
• Can (canned goods)	3.00	5.00
Plastics		
• Plastic cups (clear/transparent)	5.00	12.00
• Plastic (ordinary - basins, containers, etc.)	14.00	25.00
• Plastic bottles (softdrinks, juices, water, etc.)	14.00 - 16.00	25.00
Batteries		
• Car, Trucks, Motorcycles, etc.		150.00 - 400.00
Others		
• Rice, flour and sugar sacks		2.00 - 5.00/pc.
E-Waste		
• CPU, complete unit		110.00/unit
• CPU, incomplete, over 2 missing parts		6.00
• Printer, Fax, Scanner, Copier		3.50
• Motherboard/ PC Cards/ Telecom Cards		65.00
• Printer boards/med grade, power, and monitor boards		2.50
• Hard Disc Drives		15.00
• Floppy Drive/ CD-ROM/ Power Supply		4.00
• CPU case/ metal/Plastics/Other Appliances		2.00
• Base metals (aluminum, cast alloys)		10.00
• Wirecables		12.00
• CDs		3.50
• (window type, 1.0-2.5hp) complete aircon unit		100.00/unit
• Refrigerator, Freezer		1.50

IV. ESTIMATED MONTHLY PROJECTED STATEMENT OF OPERATIONS

Sales		P100,000.00
Variable Costs		
COST OF SALES	60,000.00	
Utilities	2,500.00	
Communications	700.00	
Miscellaneous	1,000.00	64,200.00
Gross Profit		35,800.00
Fixed Costs		
Salaries and Wages (2 workers)	17,204.00	
Lease expense	5,000.00	22,204.00
Net Profit		13,596.00
ANNUAL NET INCOME (Net Profit x 12 months)		P163,152.00

- Disclaimer: Figures used in this computation are hypothetical; it may vary from actual operation of the business.
- Cost Volume Profit Analysis is based on 40% mark-up.

V. REGISTRATION REQUIREMENTS

• Business Name Registration

For Sole Proprietorship:

Department of Trade and Industry (DTI)
within the National Capital Region (NCR)

- 2/F, Atrium of Makati Bldg., Makati Ave., corner
Paseo de Roxas St., Makati City
Tel. No.: 501.5135
- 2/F Park N'Ride, Lawton, P. Burgos Ave., Dr. Basa St. Ermita, Manila
Tel. No.: 536.7153
- G/F Highway 54 Plaza, EDSA, Mandaluyong City (across SM Megamall)
Tel. No.: 706.1767
- 5/F Araneta Square Mall, Monumento Circle, Caloocan City
Tel. No.: 332-0854 / 332-0829

For Partnership/Corporation:

Securities and Exchange Commission (SEC)
SEC Building, EDSA, Greenhills
Mandaluyong City
Tel. No.: 584.0923

or contact the concerned Office in the province where the business is located

• License to Operate

Mayor's Permit/Residence Certificate and Sanitary Permit

Contact the local municipality or provincial municipality
where the business is located.

• Application for Tax Identification Number (TIN)/ Application for Authority to Print Receipts and Invoices/ Registration of Books and Accounts

Bureau of Internal Revenue (BIR)

BIR National Office Bldg.
Agham Road, Diliman, Quezon City
Trunklines: (632) 981.7000 / 981.8888
Email: contact_us@cctr.bir.gov.ph
Website: www.bir.gov.ph

or contact the Regional or District Office where the
business is located.

VI. TECHNICAL ASSISTANCE

Technology Resource Center (TRC)

TLRC Building, 103 J. Abad Santos cor. Lopez Jaena Sts.,
Little Baguio, San Juan, Metro Manila
Tel. Nos.: (632) 727.6205
www.trc.dost.gov.ph

List of Recycling Centers

<p><u>Batteries / Tires</u></p> <p>Philippine Recyclers, Inc. Marilao, Bulacan Tel: 299.6202 to 03</p> <p>Tire Recycling 711 Vermillion St., Agro Homes Muntinlupa City Tel. No.: 861.6350 Fax No.: 862.1452</p>	<p>Caltex Julia Vargas "Bantay Baterya Project" Mandaluyong City Tel. No.: 634.3812</p>
<p><u>Computers</u></p> <p>Envirocycle Philippines, Inc. Daystar Industrial Park, Pulong Sta. Cruz, Sta. Rosa, Laguna 4026 Tel. No.: 520.8618 to 19 Fax No.: 520.8546</p>	<p>HMR Super Surplus Bodega Pioneer corner Reliance Street, Mandaluyong City Tel. No.: 634.0526</p>
<p><u>Paper</u></p> <p>Container Corp. of the Phils. 60 Old Samson Road, Balintawak 1106 Tel. No.: 361.9801 to 06 Fax No.: 362.3607</p> <p>Globe Paper Mills 1000 Gov. E. Pascual Avenue Malabon, Metro Manila Tel. No.: 361.2516; 242.7321 Fax No.: 242.0198</p>	<p>Asia Paper Industrial Corp. 62 Gregoria de Jesus St., Balintawak, Kalookan City Tel. No.: 432.8000; 983.8000</p> <p>Sunrise Paper Mills 3549 M. Delos Reyes St., Gen. T. De Leon, Valenzuela, City Tel. No.: 293.3002; Fax No.: 291.5117</p>
<p><u>Plastics</u></p> <p>PEMA Plastic Mfg., Corp. 80 Mendez Road, Baesa, Quezon City Tel. No.: 361.2844</p> <p>Synber Mfg., Inc. Meliton Espiritu Avenue corner Sucat Road, Parañaque City Tel. No.: 825.5356/ 826.7827 Fax No.: 826.7228</p>	<p>Polysterene Packaging Council of the Phils. Rm. 900-1 Victoria Bldg., UN Ave., Ermita, Manila Tel. No.: 526.0889 Fax No.: 522.4354</p> <p>Interpolymer Corporation Malabo-Maysan, Valenzuela City Tel. No.: 292.4878 Fax No.: 292.7726</p>
<p><u>Metals</u></p> <p>Alliance Foundry Shop & Eng., Inc. 135 J. Teodoro St., cor. 10th & 11th Ave. Caloocan City Tel. No.: 362.0039</p> <p>Kim Bee Foundry 329 J. Theodoro St., cor. 9th Avenue Caloocan City Tel. No.: 361.1173 Fax No.: 365.8783</p>	<p>A. Metal Recycling Corp. 380 Barangka Drive cor. Hinahon St., Mandaluyong City Tel. No.: 533.4719 Fax No.: 533.4717</p> <p>Hilton Mfg. Corp. 648 T. Santiago St., Linunan Valenzuela City Tel. No.: 292.8134</p>