

Marketing Strategy and Financial Analysis of Real Person Library Project

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Abstract: Firstly, this paper introduces the construction goal, main products and services of the real person library project. Secondly, SWOT method is used to analyze the advantages, disadvantages, opportunities and threats of project construction, and analyze the feasibility of project construction. Thirdly, it analyzes the target market strategy, publicity strategy and marketing strategy of the project. Finally, the financial analysis of the project construction is carried out from the aspects of investment capital demand, financing structure, cost estimation and cash flow.

Keywords: Real person library; Marketing strategy; Financial analysis.

1. COMPANY PROFILE

1.1 Company purpose

The purpose of the company is as follows: to build a large-scale real-life library in Colleges and universities, so that each student can become a wise man of others and a wise man on his own life path, convey the concept of "each of our experiences is a book", provide readers with a relatively flexible place for dialogue and communication, and give readers the opportunity to communicate face-to-face with people with different life experiences and share their life feelings [1].

1.2 Company objectives

(1) **Initial objectives.** When the enterprise scale is small and the market area is relatively concentrated, the company adopts a highly centralized centralized marketing management mode. The enterprise's marketing decision-making power and are concentrated in the enterprise headquarters. The senior marketing personnel directly intervene in the daily business management of the marketing team in a person to person and point-to-point manner. The enterprise's marketing resources are concentrated, respond quickly to market changes, and the marketing team has strong executive power.

(2) **Medium term objectives.** With the expansion of the market area and the increase of the management level, the space-time distance between the senior management of the enterprise and the front-line market is becoming larger and larger. The enterprise implements the decentralization and authorization of the marketing teams that are increasingly spreading to all regions of the country, and adopts the remote decentralized marketing management mode of independent operation and

independent management of the regional marketing teams under the leadership of the enterprise headquarters.

(3) Objectives of the later stage. In the later stage of the company's development, the virtualization centralized management mode is adopted, and the senior managers of the company's headquarters only need to centrally manage the necessary and key marketing information. The marketing data is managed and used in a centralized way, and the managers of the headquarters can know every detail of the sales site at any time.

1.3 Main products of the company

The company provides colleges and universities with the experience and management system of real-life library. In addition, it also has the technical support of registration website and wechat applet.

1.4 Nature of company

The company is a limited liability company. In the early stage of development, the organizational structure of the company adopts the straight-line system. Considering the special environmental background of the campus, the straight-line management system is enough to carry out daily business activities with a simple and efficient organization form without special circumstances. If there are significant changes in the later stage, it will gradually develop into a matrix company organizational structure with the general manager as the core. The general manager consists of deputy general manager of technology, deputy general manager of marketing, deputy general manager of Finance and deputy general manager of administration.

1.5 Management style of the company

The company first follows the people-oriented principle. People centered, use ideas as a management tool, develop and apply enterprise ideas, and stimulate employees' enthusiasm and creativity. Secondly, the company follows the principle of fairness and justice. In terms of management, we should be as fair and impartial as possible, with clear rewards and punishments, parallel rewards and punishments, and clear rights and responsibilities. In addition, the company pays attention to unity and cooperation. Cooperation and cooperation between the same departments, between different departments, between management and employees, and between management and management should be emphasized to get twice the result with half the effort [2].

2. PROJECT INTRODUCTION

2.1 Project background

(1) Establish the background. In January 2000, in Copenhagen, Denmark, an anti violence NGO founded by five young people, including Ronnie Eiberg, lent 75 live action books to interact with the audience, including girls and police, at the Roskid Music Festival. Its purpose is to fight violence and encourage equal dialogue. In the following years, this kind of live library, which promotes mutual understanding and tolerance among different groups through dialogue, has been widely spread all over the world to achieve the effect of "reading life". In 2008, Zeng Lei, a Chinese American, introduced the concept of live action library to China. In the same year, Shanghai Jiaotong University made the first attempt to create a precedent for the borrowing of live action library in China.

Subsequently, some university libraries carried out some live action bibliographies with high attention of students and implemented borrowing.

(2) The needs of the times. With the development of the times, especially the emergence of the Internet and smart phones, people rely on computers and mobile phones to consult materials, and few people go to the library to borrow books. The establishment of the live library is equivalent to building a platform for people to communicate and acquire knowledge.

(3) Social impact. "Reality library" often resonates in the bottom of people's hearts. A father in his 40s and his 7-year-old son came to the library to borrow a book on violence. As a Book sharer, he mentioned the problem of drunk violence. He talked about many alcoholics who couldn't control themselves as soon as they drank, and finally developed all kinds of domestic violence. The "real life library" has a history of more than 10 years. Its founder Eberg has traveled all over the world to "type books". In addition to the founding country Danmai, it is also held in Sweden, Finland, Norway, Iceland, Italy, the Netherlands, Belgium, Portugal, Spain, Germany, Hungary, Cyprus, Australia, Japan, Romania, the United States and Hong Kong. It is expected that more countries will carry out this activity in the future.

2.2 Projects and services

2.2.1. Project introduction

Live book is a new way of communication and sharing. Readers "borrow" are people with stories and lives. Through face-to-face narration and dialogue, they strengthen understanding and communication, reduce friction and prejudice, and break the estrangement between people.

2.2.2. Characteristics of the project

(1) Different carriers take people as the book. As the name suggests, the real person library means to take people as books, and the carrier of readers' reading is people rather than books. The emergence of real person books is becoming a new attempt and supplement of library resources.

(2) Two way reading. Reading in the traditional sense refers to the reader's understanding of the content conveyed by the text of the book. At this time, the book is in a static state, which is a single activity of the reader. Real person reading is a living person with flesh and blood. In the process of communication, readers read "books" and "books" are also reading people. In this two-way activity, they have completed the interaction and mutual benefit between readers and real person books.

(3) Flexibility in reading. The real book is different from the traditional reading from the beginning to the end. Readers have more flexibility. Readers are not limited to the structure and order of certain knowledge, and can flexibly communicate with real books according to their own needs.

(4) Multiple people read at the same time. Real books break through the limit of the number of readers and can be read by multiple people at the same time. In the process of reading, the angles and emphases of reading are different, which can increase the reading effect and benefit readers and real books as a whole.

(5) Include special readers. The reading mode of real books makes the language as the communication bridge between readers and real people, so the emergence of real books can break through the restrictions to some extent and bring more people with physical barriers into the reader group.

2.2.3. Construction mode

(1) Collection of "real book". By understanding the needs of readers, the library can interview "real books", collect "real books" of various majors and fields through multiple channels, or publicly recruit "real books", realize the diversification of "real books", and carry out the resource construction of real books in the library. However, the stability of real books is weaker than that of paper books. Regional cooperation of real books can be carried out among libraries to realize the co construction and sharing of resources.

(2) Classification of "real book". After the collection of real-life books, they can be classified according to their specialties and majors, and the age, gender, contact information, etc. of real-life books can be recorded.

(3) Publicity of live books. Live books are different from paper books. If no one publicizes them, they may never be known by readers. Therefore, the library can hang the number of produced real-life books on the library home page for readers' reference, or make them into books, and make real-life books into short videos and publicity pictures, so as to let more people know about real-life books.

(4) Borrowing of live books. Due to the high mobility of the real books, the library should reach an agreement with the real books on the service life, make the borrowing rules of the real books, let the readers understand the borrowing content, borrowing period, reading location and other information of the real books, and improve the service level and quality of the real library.

(5) The responsibility of live books. In order to better serve readers, the library needs to sign an agreement with real books to clarify the responsibilities of real books, such as arriving at the scene at the scheduled time, strictly requiring itself in terms of service content and answer methods, so as to satisfy readers. In addition, there is no special reason for real books to terminate the cooperation agreement with the library for no reason. Instead, they should try their best to pass on their own experience and methods to readers. At the same time, real books can not be satisfied with the current situation, but should constantly improve their own knowledge structure and strive to improve their self-cultivation.

(6) The return of live books. Real books use their own knowledge to serve readers, and the library should pay for it. Only in this way can the library have more voice, put forward sexual requirements and suggestions for real-life books, better stabilize real-life books, reduce the loss of resources, and improve the service level and quality [3].

2.2.4. Service Introduction

(1) Online platform. The online platform is divided into four parts. First, the postgraduate entrance examination section. This section allows candidates to bid farewell to loneliness, exchange their postgraduate entrance examination experience and learning methods with their professional examiners, and exchange their postgraduate entrance examination experience and preparation skills with their elders and sisters. At the same time, they can also understand the examination information and better prepare for the examination. At the same time, it also provides a platform for people who have problems in the postgraduate entrance examination to communicate and learn from each other. Second, the textual research section. For those who need to take the CPA, CFA, ACCA and other certificates, provide a platform to understand the information of relevant certificates, such as the gold content of certificates and the contents to be learned in taking the certificate. At the same time, they can also communicate with each other and share experience. Third, the employment sector. At

present, college students have difficulties in obtaining employment. We can establish such a platform to exchange employment information with each other. At the same time, we will invite some teachers to help students with employment difficulties successfully enter the workplace. Fourth, free exchange. On this platform, you can exchange some school life, celebrities and interesting stories. You can share sadness, happiness, excitement and depression with others and heal yourself by communicating with others.

(2) Offline activities. Offline salons, reading clubs, friendship and other activities are held regularly, so that college students can meet love in the gap of acquiring knowledge.

2.2.5. Profit model

(1) Special membership services. After applying for membership, readers can come to the live library for communication for a long time. At the same time, they can match the personnel to answer the readers' questions, and can also participate in the activities held by the live library.

(2) Personalized dating. We can provide friendship Services and provide matching services for members with the same interests, hobbies, learning and other people.

(3) Profit sharing. We can cooperate with cafes and others in the construction of real life library, and obtain income by sharing profits with businesses [4].

3. MARKET ANALYSIS

3.1 Market competition

The form of real person library is relatively novel, the update speed is relatively timely and the price is cheap, but compared with influential celebrity speeches, real person books have less response, which is the disadvantage of real person books. However, at present, the real person library is mainly carried out independently in major universities, and the competitiveness among real person libraries is small. At present, what the real library needs to do is to improve itself. The activities are diverse and profound, so as to prolong the life cycle of the real library and achieve sustainable development.

3.2 Market demand

(1) Demand for talents. With the rapid development of China's economy, there is a great demand for all kinds of talents. Moreover, nowadays, employment is difficult. How to make people become professionals and how to stand out in the fierce competition has become the answer that many people, especially college students, are eager to seek. And with the development of society, the loose social environment and the formation of multiple ideas, as a cutting-edge means of knowledge dissemination and social form, live books are sought after by many young people, which expands the scope of knowledge acceptance and meets people's needs for innovation and difference.

(2) Diversified life needs. The diversity of life has also formed an urgent demand for real-life books. For example, with the rapid expansion of hiking, for many "donkey friends", share the experience of hiking, teach the knowledge of danger prevention, emergency rescue and self rescue in distress. With the gradual increase of competitive pressure, many professionals are looking for ways to improve themselves. After the elites in the industry become real-life books, they can do all-round communication and guidance to them.

(3) The needs of emerging occupations. With the continuous progress of life and the continuous innovation of science and technology, there are many interested groups and emerging occupations

who have never had before. They need to find mentors and explore problems. For example, hackers, game experts, buyers, purchasing agents, online shop owners, etc. they are closely related to computer technology, network technology, etc. These industries update their knowledge quickly and compete fiercely. Real life books can meet their needs. In today's era of rapid development of information technology, on the one hand, people's demand for diversified and personalized knowledge has reached an unprecedented height. On the other hand, the explosive development of information and the fast pace of life make people suffer from autism and information anxiety in varying degrees. Therefore, people are more eager to communicate and broaden their horizons and enhance mutual trust and understanding. Therefore, the establishment of real person library is equivalent to building a platform and creating a good communication environment, which not only allows readers to obtain knowledge, but also strengthens interpersonal relations, which is needed by today's market and society.

3.3 . SWOT analysis

The SWOT analysis of the real life library project is as follows:

Table 1. SWOT analysis of real person Library

Advantage	Inferiority
(1) Interactive and two-way communication (2) With "humanization" and "affinity" (3) Diversity and readability (4) With "digging" and "compensating"	(1) Difficult to save and transfer (2) Limited quantity and high cost (3) Lack of scientific inspection and systematicness
Opportunity	Risk
(1) National attention and policy support (2) The needs of the times and social welcome	(1) Improper words and deeds of readers or listeners (2) Highly developed entertainment industry

3.4 Service channels

The real person library is mainly a combination of online and offline. Online is mainly through QQ, WeChat and small programs to facilitate readers to communicate with real books. It is online 24 hours to facilitate readers to answer questions and solve doubts at any time. Offline channels are to carry out exchange meetings, reading clubs and small salons, so that readers can communicate and interact with real books face to face, so as to obtain the required knowledge and expand interpersonal relationships.

3.5 Feasibility of the project

- (1) The benefits of the human library. As an innovation in service resources, ideas and methods of traditional libraries, as well as a beneficial attempt and supplement to services, real person library can increase the vitality of major university libraries and urban libraries.
- (2) Technical feasibility. The construction of real person library needs the combination of online and offline, and the use of QQ, WeChat, applet and other platforms, which can be realized under the current technology.
- (3) Time feasibility. Real life libraries are mostly built in Colleges and universities or attached to urban libraries. Libraries can provide sites and can be developed within a specified time.

(4) Economically feasible. The cost of developing a live action library is low. When readers enter the library, they can charge a certain fee. At the same time, they can cooperate with cafes and others, and can also obtain a certain operating income.

(5) Social feasibility. Real person library is the demand of social development. As a new cultural form, real person books realize two-way communication. In the process of communication, they can not only get the knowledge they need, but also gain a friendship.

3.6 Target market analysis

Real life libraries are mostly built in Colleges and universities or urban libraries. The target population is mainly students, with dense population and obvious spatial advantages. College students are active in thinking. Compared with paper books, they prefer to communicate with people, and real-life books are novel and unique, which can attract college students more. Most of the librarians recruited by the real life library and the "real life books" searched are college students, and there are more communication topics among their peers. The target group of real life books is mainly college students. At present, college students have communication barriers and mental diseases. They need an opportunity to communicate and talk, and the real life library officially provides such a platform. At present, college students are faced with problems such as level 4 and 6, textual research, postgraduate entrance examination and employment difficulties. We have built a platform such as real person library, which can let them answer questions and solve doubts here.

4. MARKETING STRATEGY

4.1 Target market strategy

4.1.1. Market segmentation

The purpose of market segmentation is to achieve greater economic benefits by positioning the differences in customer needs. ① Geographical segmentation. As of September 30, 2021, there are 3012 colleges and universities in China, including 2756 ordinary colleges and universities and 256 adult colleges and universities. Universities are distributed in all provinces, so the project of real person library can be promoted nationwide. ② Population breakdown. In China's large population, the average size of colleges and universities is 11260, and the total number of college students in school is 40.02 million. Under the background of college enrollment expansion, the number of college students is still increasing greatly, and the prospect is broad. ③ Behavior segmentation. In this digital age, it is more and more difficult for people to settle down and read a book quietly. The speed of news dissemination is convenient, but the quality remains to be discussed. In such a social environment, it is difficult for college students to obtain high-quality knowledge. In addition to reading books, communicating with people with connotation is undoubtedly an excellent way. They can not only enrich knowledge, but also provide life experience and learn cultural knowledge, Can also learn the truth of life. ④ Social and cultural segmentation. The Central Propaganda Department issued the opinions on promoting the reading work of the whole people, which pointed out that reading is an important way to acquire knowledge and increase wisdom, and an important way to inherit civilization and improve national quality.

4.1.2. Market positioning

Reading house aims to provide college students with an innovative way to acquire knowledge. In the process of talking with real people, they can understand another person's life experience. In Colleges and universities, our company hopes to make readers have more touch and understanding through the sharing of live books and face-to-face conversation with people through "books".

4.2 Publicity strategy

(1) Early stage. A questionnaire was distributed online to investigate the willingness of college students to set up a real-life library on campus and obtain suggestions and demands. At the same time, we will also distribute leaflets on campus to introduce the role and significance of the live library to the students and get their support. (2) Medium stage. We communicate with teachers and leaders of the school, explain the national call of "universal reading" to them, understand the considerations of school leaders, select target colleges for cooperation, discuss cooperation matters with relevant departments, collect the responses of students after cooperation with the target schools, and make these responses into publicity videos to make better publicity materials. (2) Later stage. After accumulating some experience and publicity materials, cooperate with more colleges and universities to expand their influence. This platform mainly carries out marketing through the O2O online and offline integration mode, and innovates on the original basis to enhance the influence of the platform. Online is mainly network marketing, which is a variety of activities to achieve the overall business objectives of enterprises and create an online business environment by taking the Internet as the basic means.

4.3 Marketing strategy

4.3.1. Enterprise strategy

Grasp the characteristics of the real life library, find suitable universities as selling points, constantly strengthen and improve the shortcomings of the operation mode, increase the success rate of cooperation, and provide relief services and operation guidance in the pilot schools. Choose a set of operation mode suitable for survival in Colleges and universities, recruit talents with good eloquence, profound knowledge and rich experience, and build a sales team with good quality and high efficiency. Timely integrate the feedback information of college students, summarize and reflect, improve the existing business situation, pay attention to innovation and customer satisfaction, and constantly cultivate and increase loyal customers. In order to enter the market as soon as possible and the long-term development of the company, we should adopt the market centralization strategy, concentrate on the use of enterprise resources, focus on developing the market and form the core competitiveness.

4.3.2. Promotion strategy

① Schools. Provide free operation and management experience to schools cooperating with the company, provide good security services and ensure the safety of students. ② Student. When entering or leaving the real person library, you need to show your identity information, such as campus card, so that the school can manage students. ③ Parents. With the authorization of the students themselves, they can check the students' access frequency and time on the intelligent mobile payment platform at any time to understand the children's reading in the school. ④ Self study rooms and libraries around

the school. Free publicity posters, etc. and certain rebates will be given for the use of our products such as WeChat applet and registration website.

4.4 Marketing management

Build effective sales channels and strong sales team. The company will establish a marketing team with the publicity department and marketing department as the main body to find partners and part-time personnel. At the same time, it also needs to attract investors to provide funds and speed up the promotion in the market. The company ensures the quality of the certified real person library, strictly controls the quality of members, eliminates people with evil intentions, takes practicality as the basis of after-sales service, and provides customers with complete pre-sales, in-sales, after-sales service and leisure and entertainment atmosphere. Establish a perfect supervision and management system. Set up a supervision department in the company, which is mainly responsible for supervising the quality problems in many aspects such as capital exchange, personnel selection and equipment procurement, and will also deal with the reports of students; The two supervision departments supervise each other, report the work results regularly, and strive to provide students with a good exchange and learning environment. In different operation stages of enterprises, the marketing management mode is a circular development process from centralized to decentralized and then to centralized.

4.5 Distribution channels and partners

The company's direct channels include network marketing, direct stores, etc. The combination of personnel promotion and some media publicity is adopted to expand the market and make the company's product brochures. Customers can go to the company for on-site consultation and purchase, as well as telephone consultation and purchase. In addition, the company will distribute leaflets on campus, and customers can get them from the staff. For bulk purchase, we can adopt discount promotion and other methods. At the same time, there are detailed descriptions on the company's website for consultation and purchase.

Payment methods include cash payment, Alipay payment, remittance and so on. In the initial stage of operation, due to limited resources, the company mainly adopts the methods of network marketing and offline cooperation with colleges and universities. When the company develops well, it will look for dealers and distributors, and we will establish a perfect, reasonable and efficient cooperation system. At this stage, the company has no partners. With the promotion of products and the development of the company, we will continue to find partners to jointly improve product quality and deficiencies, improve the technical advantages of products, enrich their functions, and constantly innovate and research new products to achieve mutual benefit.

4.6 Pricing strategy

The company adopts satisfactory pricing strategy, which is a price strategy between skimming pricing strategy and penetration pricing strategy. The price set is lower than the skimming price and higher than the penetration price. It is an intermediate price. The price of similar products in the market shall be adjusted according to the market demand, the company's operation and the cost of producing products.

5. FINANCIAL ANALYSIS

5.1 Initial financial composition

According to the traditional accounting method of start-up capital of start-up enterprises, our company will calculate the initial investment amount and working capital.

5.1.1. Estimation of initial investment funds

(1) Basic fixed assets and office equipment

Table 2. Fixed assets of the company

Asset name	Quantity (set)	Amount (yuan)	Depreciation period (year)
Air conditioner	2	500	3
Printer	1	1000	3

According to the above table, the company expects that the investment in fixed assets and office equipment in the start-up capital will need RMB 1500.

(2) Estimation of working capital in initial investment

Table 3. Employee salary

Position	Number (person)	Monthly salary (yuan)	Total salary of 3 months (yuan)	Total salary of one year (yuan)
General manager	1	1000	3000	12000
Deputy general manager of marketing & Finance Department	1	800	2400	9600
Deputy general manager of human resources department & Administration Department	1	800	2400	9600
Deputy general manager of safety supervision department & Office	1	800	2400	9600
Total	4	3400	10200	40800

Table 3. Working capital

Item	Average monthly demand amount (yuan)	Amount to meet the demand for three months (yuan)	Amount to meet the demand for one year (yuan)
Office expenses	300	900	3600
water and electricity	100	300	1200
Advertising expenses	200	600	2400
Live book fee	2000	6000	24000
Total	2600	7800	31200

Table 4. Operating expenses (Unit: yuan)

Serial number	Item	Monthly demand amount	Annual demand amount
1	Office expenses	200	2400
2	water and electricity	50	600
3	Advertising expenses	200	2400
4	Live book fee	600	7200
5	Office equipment	1500	1500
6	Total	2550	14100

It can be seen from the above tables that the company's demand for working capital within three months is 7800 yuan, and the demand for working capital within one year is 31200 yuan. Without expanding the recruitment of the company's employees and the salary of the company's employees remains unchanged, the company needs to pay 40800 yuan for employees within one year. In order to operate the company more stably and conveniently, it is still necessary to reserve about 14000 reserve funds in the company's account to deal with the company's poor development and inflexible capital week. To sum up, the initial investment capital demand of the company is estimated to be 86000 yuan.

5.2 . Financing analysis

5.2.1. Income, cost and profit distribution of the company

(1) Revenue estimates. Based on the previous market analysis, the company makes the following forecast for the company's revenue in different development periods within 5 years. ① Initial stage: 2022. At this stage, the company's monthly income is 3800 yuan, a total of 45600 yuan. At the beginning of the establishment of the company, the popularity is not high, and there is a certain threshold fee and membership fee, which may lead to a low number of participants and low income. However, the main cost of the company is the cost of live books. When there are fewer readers, the cost will also be reduced. ② Medium term of development: 2022 - 2023. At this stage, the company's monthly income is 8700 yuan, a total of 104400 yuan. After the establishment of the company for a period of time, the number of participants gradually increased, and most readers will book live books again; The company will launch some preferential strategies for new and old readers to mobilize readers' enthusiasm and stimulate consumption; Moreover, the company will appropriately select some appropriate consumer institutions, such as milk tea shops, to settle in the company, which will bring certain benefits and create a more comfortable reading environment for readers. ③ Later stage of development: 2023 - 2024. At this stage, the company's monthly income is 19000 yuan, totaling 228000 yuan. Tiktok will be more flexible and flexible in its development. The company will increase its cooperation with various social app such as jitter, quick hands, Kwai hung, WeChat and so on to attract more readers. Will pay a certain amount of advertising expenses, but the income is still high. ④ Maturity period: 2024 - 2025. At this stage, the company's monthly income is 3.0 yuan, totaling 360000 yuan. All businesses of the company have been basically defined, and our company will summarize previous experience and improve various services. ⑤ Stable period: 2025 - 2026. At this stage, the company's monthly income is 3.75 yuan, a total of 450000 yuan. After a year of running in, the company's staff are basically skilled in business, the company operates stably, absorbs new customers on the premise of maintaining old customers, and the company rises steadily.

(2) Cost estimation

Table 5. Estimation of the company's cost in the next five years (Unit: 10000 yuan)

Item	First year	Second year	Third year	Fourth year	Fifth year
Employee salary	4.08	5.45	7.92	8.7	9.6
Advertising investment	0.5	0.7	1.0	1.25	1.5
Live book fee	2.4	4.8	8.4	10.8	12
Sundry expenses	0.75	0.85	1.0	1.0	1.25
Total	7.73	11.80	18.32	21.75	24.35

(3) Estimation of distribution of sales profit

Considering that the company has a small scale, a fast start and still has great development potential, the company mainly adopts the profit dividend strategy. According to the revised accounting standards for business enterprises formulated in 2007, the company will first use the after tax profit to make up for the loss of the previous year, and then allocate 40% of the extracted after tax profit to the initial investors according to the proportion of initial investment, 10% of the after tax profit will be distributed to the internal personnel of the company as the year-end bonus, and the remaining income will be retained in the company's account as the retained earnings of the company.

5.3 Feasibility analysis of the project

5.3.1. Feasibility index - net present value

Table 6. Analysis of net cash flow (Unit: 10000 yuan)

Year	First year	Second year	Third year	Fourth year	Fifth year
Cash inflow	4.56	10.44	22.80	36.00	45.00
Cash outflow	7.73	11.80	18.32	21.75	24.35
Net cash flow	-3.23	-1.34	4.48	14.25	20.65
Cumulative net cash flow	-3.23	-4.57	-0.09	14.16	34.81

Note: the benchmark discount rate I is 6%.

The analysis formula of NPV is as follows:

$$NPV = \sum_{t=0}^n (CI - CO)_t (1 + i)^{-t} - C$$

Where: CI is cash inflow; CO is cash outflow; I is the benchmark discount rate; t is the month; C is the original investment amount.

According to the data in the above table, the net present value is calculated as 172400 yuan. According to the prediction of the company for the development from 2022 to 2026, it can be seen that the net present value of the company is about 40000 yuan. Since the net present value of the company in the first five years is greater than 0 and the net present value is very high, the profit of the project is huge and worth investing.

5.3.2. Feasibility index - investment payback period

The calculation formula of static investment payback period is as follows:

P_t = the number of years in which the cumulative net cash flow begins to be positive - 1 + the absolute value of the cumulative net cash flow of the previous year / the net cash flow in the year in which the positive value occurs

According to the data in the above table, the static investment payback period P_t is calculated as 3 years. It shows that the initial investment capital of the company can be recovered in about 3 years, indicating that the profitability of the company is strong.

Combining the above two feasibility indicators, the company has large net present value and short investment payback period. The company has fast development speed and good development prospects, which also reflects that the company has strong profitability and operation ability.

Biographical notes

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