

Report

To: Donald Powell

Title: What business should Donald set up?

Introduction: I am a student from Hazelwick School currently studying GCSE Business Studies. A family friend, Donald Powell, has decided to set up a local retail business using his redundancy payment of £10 000. I have been asked to advise Donald on:

- What type of store should he open
- What products he should sell in his retail outlet
- In which town should he locate his store
- Where in the chosen town should he locate his store
- What factors he should consider in locating his retail outlet
- How should he promote the store
- What type of business ownership would be most suitable for the new business
- What sources of help are available beyond what I can offer

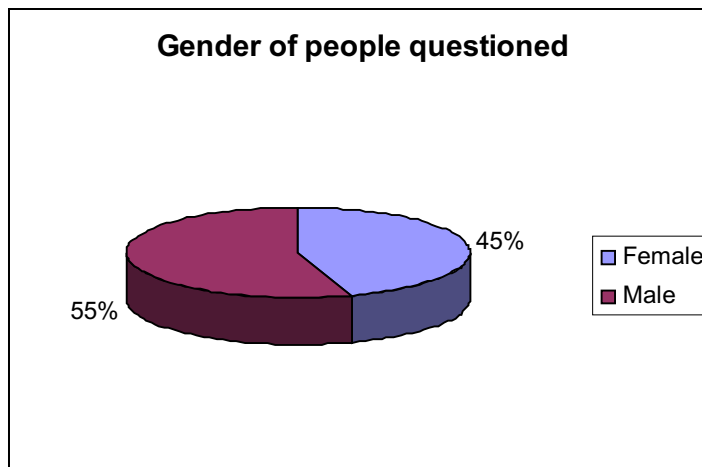
Action Taken: In order to complete my report I will be asking 20 local residents of Crawley to fill out a questionnaire. I will be using Microsoft Excel to produce a spreadsheet to make graphs and charts. Also, I will use Microsoft Word in order to produce the report. I will also be asking the teacher for advice, using internet research and using text books to complete my report too.

Findings:

Q1. What gender are you?

Table1

GENDER
Female
Female
Male
Male
Male
Female
Male
Male
Female
Male
Female
Female
Female
Male
Male
Female
Male
Male
Female
Male

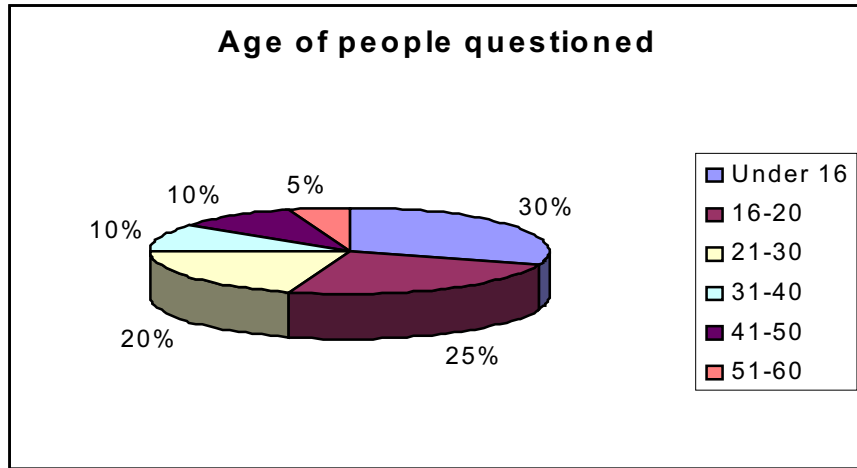


To complete my questionnaire I surveyed 45% females and 55% males at random. However the results will be slightly biased since more males had been surveyed compared to the amount of females.

Table1

AGE
Under 16
41-50
21-30
41-50
16-20
21-30
16-20
21-30
21-30
31-40
Under 16
16-20
Under 16
31-40
16-20
Under 16
16-20
Under 16
51-60
Under 16

Q2. What age are you?

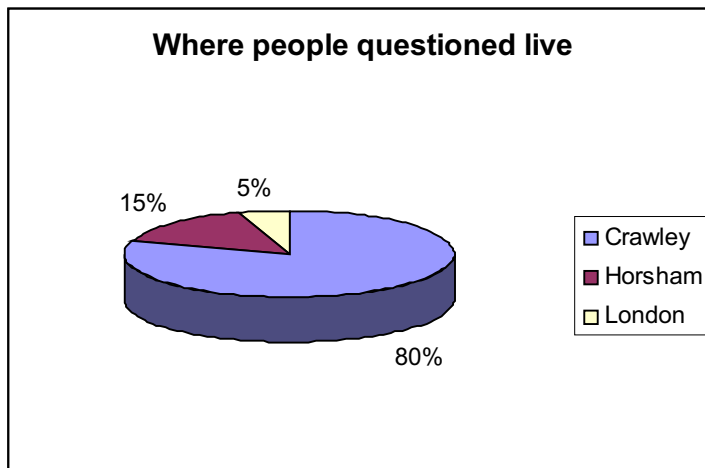


The age of people who were surveyed are varied from under 16s up to the age of 60. 30% of the questions were answered by under 16s, 25% were aged 16-20, 20% were aged 21-30, 10% were aged 31-40, another 10% were aged 41-50 and finally 5% were aged 51-60. This shows that a range of different aged people were questioned. However the majority of the people questioned were under 16s.

Table1

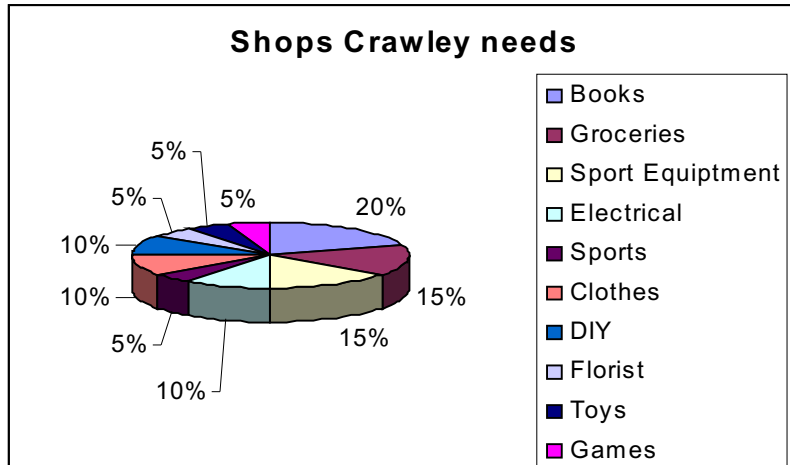
WHERE DO YOU LIVE?
Crawley
Crawley
Crawley
Crawley
Horsham
Crawley
Crawley
Crawley
Crawley
Crawley
Crawley
Crawley
Crawley
Crawley
Crawley
London
Crawley
Crawley
Horsham
Crawley
Crawley
Horsham

Q3. Where do you live?



Q4. The pie chart shows that the majority of the people questioned, 80%, live in Crawley. 5% of people live in London and 15% live in Horsham. It will be easier for more people to visit the store, which Donald will decide to put up, if it is in Crawley since most of the people questioned are inhabitants of Crawley.

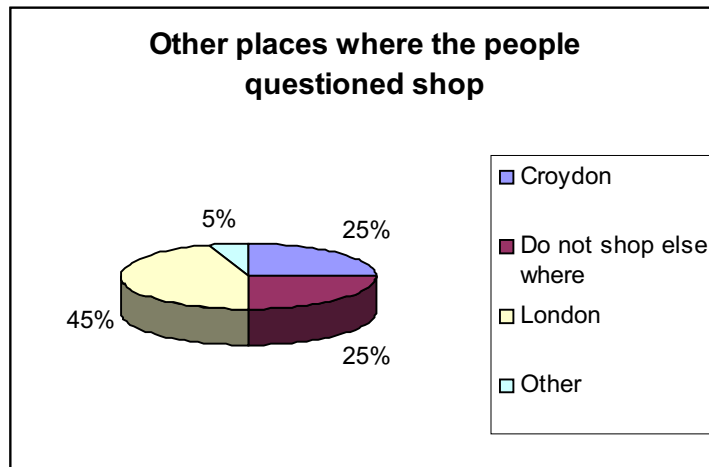
Table1
SHOPS CRAWLEY NEEDS?
Books
Groceries
Sports Equipment
Electrical
Electrical
Clothes
Sports
DIY
Books
DIY
Groceries
Electrical
Books
Groceries
Games
Clothes
Sports Equipment
Sports Equipment
Florist
Toys



The results show that there are various shops which people think Crawley is in need of. 5% would like a toy store, 5% would like a games store, 5% would like a florist, 5% would like a sports store, 10% would like a DIY store, 10% would like a Clothes store, 10% would like an electrical store, 15% would like a Sport equipment store, 15% would like a Groceries store and finally 20% would like a book store. These results show that the majority of people would prefer to have a new book store in Crawley. The minority would prefer a toys store, a florist, a games store or a sports store.

Q5. Where else do you shop?

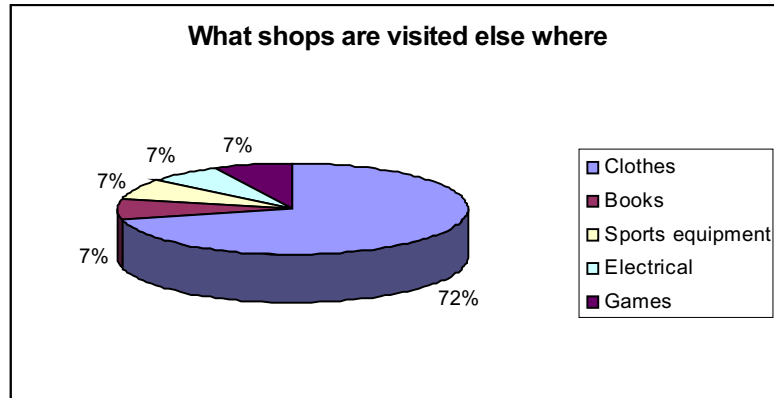
Table1
WHERE ELSE DO YOU SHOP?
Croydon
Croydon
-
-
London
London
London
London
London
Croydon
Other
London
London
London
London
Croydon
-
Croydon
-
-



75% of the people surveyed tend to go elsewhere to shop however 25% tend to shop in their home town. 25% of the surveyed people also shop in Croydon, 45% also shop London and 5% shop in other places such as Kent, Brighton etc. This may mean that the 25% of the questioned people may not have a vehicle to travel to other places, may be of old age, or may prefer the shops of their home town.

Q6. What shops do you visit there?

Table1	
WHAT SHOPS YOU VISIT?	
Clothes	
Books	
-	
-	
Sports Equipment	
Clothes	
Clothes	
Clothes	
Clothes	
Clothes	
Clothes	
Electrical	
Clothes	
Clothes	
Games	
Clothes	
-	
Clothes	
-	
-	



Outside Crawley, 7% visit electrical stores, 7% visit bookstores, 7% visit sports equipment stores, 7% visit games stores and finally 72% of people visit clothes stores. The majority of people surveyed visit clothes stores outside Crawley. This may mean that Crawley is in need of a new clothes store.

Q7. Do you purchase goods online?

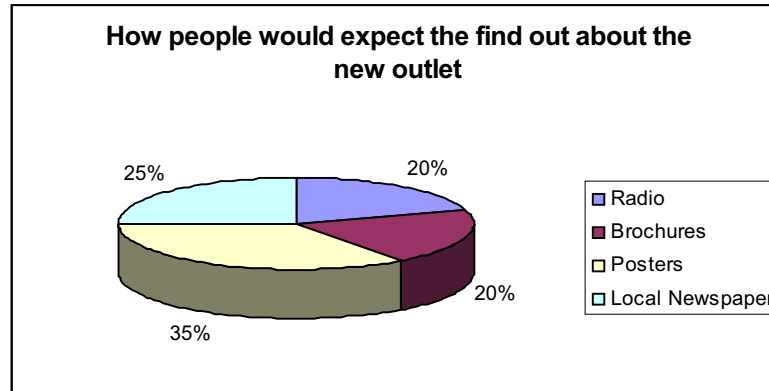
Table1	
PURCHASE ONLINE GOODS?	
No	
No	
Yes	
No	
Yes	
Yes	
Yes	
No	
No	
Yes	
No	
No	
No	
No	
No	
No	
No	
Yes	
No	



70% of the people questioned claimed that they did not purchase goods over the internet however 30% claimed they did purchase goods over the internet. I think that Donald Powell should not sell goods online because the minority agreed to E-commerce. If Donald Powell did set up an E-Commerce then only a few people would purchase his goods in this process. Donald would therefore be better off without spending money on creating an E-Commerce as it would only benefit a few.

Q8. How would you expect to find out about the new retail outlet?

Table1
FIND OUT ABOUT OUTLET?
Posters
Brochures
Radio
Local Newspaper
Radio
Local Newspaper
Local Newspaper
Local Newspaper
Local Newspaper
Radio
Posters
Brochures
Posters
Posters
Posters
Brochures
Radio
Posters
Brochures
Posters

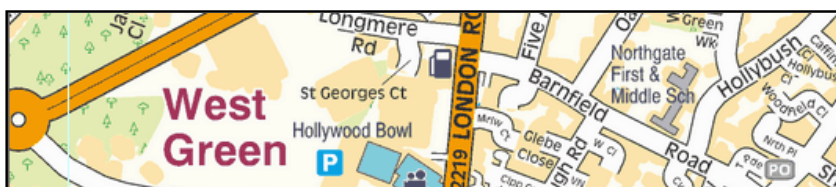


25% chose to find out about Donald Powell's ne outlet through the local paper, 20% would prefer to find out through a radio advertisement, 20% preferred brochures however 35% would like to find out about the new outlet through posters.

By studying the results collected, I think that Donald should open up a clothes shop. This is because the majority of people questioned, 72%, said they went elsewhere to shop for clothes and this may mean that they may be fed up of the clothes shops in Crawley. If Donald opens up a clothes shop in Crawley town centre, then he may get a lot of visitors coming to his new retail outlet. However, there will be great competition around. Donald should not sell his goods on the internet because the majority of people questioned, 70%, claimed they did not purchase goods over the internet.

Section 3

I am investigating factors affecting the location of Donald's potential retail outlet because if the business is in a good location, Donald's business will be a success. Donald will need to ensure that he does not have any competitors nearby, the location is busy and the cost is relatively cheap because he has a budget of only £10000. There are several factors that Donald needs to consider when deciding where he should locate:



There are many parking areas for customers.

The Queens Square: This is where I think Donald should set up his new shop.

- **Population Size**

Donald will have more customers if more people live in an area. Crawley has a large population, which means Donald will get more potential customers. Therefore Donald would be better off setting up a shop, which has a large population.

- **Population Wealth**

If people were wealthy, Donald would receive more customers spending more money on his products. Crawley is a wealthy location because it has a high employment rate. This will be an advantage to Donald because people would earn money and would be likely to spend it in Donald's retail outlet. However this may also be a disadvantage to Donald because he will find it hard to find workers since many people are already employed. Gatwick Airport provides 23000 jobs to Crawley inhabitants and more that 50000 jobs are provided on local industrial estates.

- **Supply of Labour**

Supply of labour means the availability of workers. The majority of people in Crawley already have jobs – this means the unemployment is low, which could be due to Gatwick providing thousands of jobs. This will come to a disadvantage to Donald because he will find it hard to find workers. However, due to the recession, Donald may be able to find workers because the unemployment rate of Crawley has increased slightly.

- **Infrastructure**

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Before Donald sets up his business in Crawley, he must consider how customers will be getting to his shop. Crawley has great link to the region's major road network. The M23, with its rapid links to the M25, is only a three - minute drive from Crawley's County Mall car park. The County Mall car park provides 1800 parking spaces and has entrances to the County Mall shopping centre from the car park itself. The infrastructure of Crawley is shown to be good due to the new bus stations and the railway station, which are also immediately adjacent to the County Mall, the scattered car parks around the town centre and also the main roads that lead to the town centre. The roads leading to the shopping centre are genuinely good and clean, which creates an attractive impact to Crawley. There are many places dotted around the back of County Mall where there are drop off points for suppliers. This will be useful because suppliers will have the space for unloading new products and placing them in Donald's new shop. However, sometimes it may get crowded and suppliers may need to wait for other suppliers to leave before they start unloading.

- **Price/Cost**

Donald must consider how much it will cost to buy or rent his retail shop in Crawley. Since Donald has only got £10000 redundancy payment, he will have to think wisely when buying or renting out a shop. He may not want to start buying a big expensive shop or rent out a shop with large monthly rental payments. The price to buy or rent a shop in Crawley varies depending on the area you want to open your shop in. If Donald was to rent/buy a shop in County Mall it would be much more expensive compared to renting/buying a shop in the town square outside County Mall or the high street. This is because the County Mall is indoors and so will be popular and busy in any type of weather, with as much as 40000 people in at once, which will lead to Donald's shop being busy with some potential customers all the time. This will also increase the amount of profit Donald makes. However, if Donald was to open up a shop in the high street, it would not be too busy because people would be visiting the high street depending on the type of weather there is (it may be more busier in the summer compared to winter when it will not be busy). Donald would not receive as much profit on the high street compared to the amount he may receive in the County Mall.

- **Competition**

Donald will need to consider if there will be any competitors in Crawley. Donald should not locate near competitors because it is hard work having to constantly strive to keep ahead of competitors nearby. If Donald lowers his prices too much to beat the competitor(s) nearby, then he may lose profit or may not make any profit, which will lead his business to go bust. However if Donald has no competitors nearby, then consumers will have less choice about who to buy a product from so they will go to Donald's store. This will benefit Donald because he could increase his prices because he will know that consumers will have no other shop, which is nearby, to go to and buy the product they want, so they would continue buying the product from Donald's store despite the price. If Donald was to open up a new clothes shop in County Mall or in the town square, then he will have a lot of competition since there are many competitors nearby. However, if Donald was to open up a

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florist in the County Mall or the town square then he would not have any competitors nearby and so will gain profit no matter the price of his products since the consumers would have less choice about who to buy flowers from.

- **Big Stores**

Donald may need to consider if there are any big stores in Crawley. The areas near big stores tend to get busy so if Donald located his shop near a big store, then he would get potential customers, which are passing by from the big store, to browse in his store. Some big stores include Mark's and Spenser's, supermarkets such as Asda, and Blockbuster.

- **Evaluation**

Crawley is a good location for Donald to set up his new retail outlet because it has links to the M25, which is only 3 minutes away from Crawley's shopping centre. Crawley also has one of the highest employment rates in England, which means Donald would get many potential customers buying his products, allowing him to make a reasonable profit. Also, there are fast bus routes around Crawley, 2 major railway stations adjacent to the town centre called Crawley Station and Three Bridges Station. There are many car parking spaces around the town centre and high street areas for customers. There are many big stores in Crawley, which Donald could locate near to attract passers-by to his shop. However, since Donald will be opening up a clothes store, he will have competitors nearby. Although this is a disadvantage, many people will have their own preferences to their type of clothing so there won't be as much competition compared to the amount of competition there would be in grocery stores. The most important factor, which Donald should consider, is the price and cost. I think Donald should set up in the town square because there are many passers-by in the area so Donald would get many potential customers and there are parking areas for customers nearby too. I would not advise Donald to set up a shop in the County Mall just yet because it will be very expensive and Donald has a limited budget to spend.

Section 4

I am investigating the different types of business organisations that Donald could operate as. The types of business I will be investigating will be a sole trader, partnership, private limited company, and a franchise. There are certain advantages and disadvantages to each of these business organisations, which will be examined carefully and to choose the right option.

- **Sole trader**

A sole trader is a business owned by one person. This person provides all of the capital invested into it. A sole trader business tends to be small in size and is the most common business ownership in the UK. The owner has complete control of the business however you are also totally responsible for the business' success or failure.

There are many advantages to starting up a sole trader including there is a small start up cost. However, you must tell the income tax authorities and the Department of Social Security. Also, all profits are kept to yourself. This

money could be saved up and used to pay tax, interest charges on loans, and VAT. A small business is also more flexible. If one kind of business activity is not profitable, the owner can quickly switch to something else.

However there are also certain disadvantages including the fact that Donald will have unlimited liability – Donald will be completely responsible for any debts the business has. To repay the debts, Donald may need to sell off his personal things e.g. His house, car etc. Also, the risk of failure is high because there is usually high competition around. He may also find it difficult to raise capital for the business because he is the only person working in the business. The firm growth will be slow because Donald will only be able to do a limited amount of work. Finally, the business stops with the owner's death.

A cash flow plan will increase your chances of getting a loan from the bank, which will be your main source of outside finance. You will need to find a suitable location to work in. You could start at home but without planning permission from your local council you could get into trouble for making too much noise or having too many visitors. From the results given by the questionnaires, 72% of inhabitants tend to go elsewhere to shop for clothes. If Donald opens up a clothes store he may get more potential customers since people would come to his store. Also, there is not much competition around for Donald so this will be a beneficial thing for him. In order to achieve success, Donald will need to be dedicated, hard working, adaptable and willing to take risks and to overcome problems.

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- **Partnership**

A partnership is like 2 or more sole traders. By law, a business can have between 2 and 20 partners. Partnerships have an equal say in making decisions and an equal share of the profits - unless they have an agreement called a 'deed of partnership' that says otherwise. Partnerships are not that common in the UK but are found a lot in jobs like accounting, solicitors and doctors.

There are certain advantages for this form of business organisation including there will be more owners in the business, which means more ideas, and more people to share the work. Also, there will be more owners in the business, which means that more capital can be invested into the business. This capital can be used to keep the business going and also to improve it as well as paying taxes. A partnership business is usually small so Donald will need less money to set his business up. All of the business' financial accounts and documents are kept private so no one outside the business will know of the business affairs.

However there are also certain disadvantages one of which is that each partner is legally responsible for what all the other partners do. Also, similarly to sole traders, partnerships have unlimited liability. If there are more owners in a business there will be more disagreements too because there will be several bosses. If the partners disagree about which direction the business should go in and how much time to put in, it might lead to the business closing down. According to law, there is a limit on the number of partners in a partnership business – only 2-20 partners are allowed.

Donald will need a Deed of Partnership if he wants to set up this type of business organisation. A Deed of Partnership is a legal document that states the rules of the business. It should state who the partners are, how much money each partner has invested into the business, how profits should be shared out, how many votes each partner has in any of the meetings, the procedures for partners leaving or joining the business. However if the partners do not get on well on certain things, then he may be putting his business at stake. Although, the more partners in a business, the more specialists, with unique skills, there are. However, if Donald opened up a sole trader business, he would have a limited amount of skills and won't feel completely lonely.

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- **Private Limited Company (Ltd.)**

A Private limited company is owned by at least 2 shareholders. Shares are sold privately to friends and family who invest money into the business. The people who invest money into this type of business organisation receive a dividend in return. The shareholders in a business vote for the board of directors, who run the business.

The advantages to setting up a Private Limited Business include the fact that shareholders have limited liability, which will mean that the shareholders will not have to put their personal possessions at stake when investing capital. The firm tends to be bigger if Donald sets up as a Ltd. compared to if he sets up as a partnership or sole trader. The business can also employ specialists to make the best out of the product or service the business supplies to the public. Also, death or illness will not affect the business.

However, there are also certain disadvantages to setting up a Private Limited Company. Shares cannot be sold or bought over the stock market since they can only be sold to friends and family members. This will mean that the company Donald sets up will gain capital slower. This type of business is also hard to set up and profits need to be shared amongst shareholders by paying dividends. The profits will be shared according to how many shares each shareholder has so the more money they have put into a business the more they will get.

To become a limited company, applicants have to submit a Memorandum of Association, which states the business' name, address and main purpose. It also describes the liability and amount of capital invested. The internal workings of the company including the number of directors, how they are elected and what their roles are described in The Articles. This also describes how profits will be divided. When the Memorandum of Association has been submitted the Registrar of Companies issues a Certificate of Incorporation which allows a limited company to begin trading.

If Donald decides to set up this type of business then he will have limited liability. Also Donald will have himself and 1 or more companion(s) with him too. This will benefit him because many different skills from each shareholder will be used in the business since each person would be specialising on a particular area – if all the skills are put together, the business will be able to be imaginative with its style and creations. However, a Ltd. is going to be expensive to set up. Donald will find it hard to seek money to set up this type

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of business organisation because he has a budget of £10,000. Although, if Donald is able to find enough shareholders, amongst his family and friends, who are willing to invest into his business, Donald will obtain more profits and will be able to add these profits to the money he already has.

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- **Public Limited Company (Plc.)**

A Public Limited Company is the biggest type of private business in the UK. A public limited company first has to raise capital, through selling its shares to the public. It has to produce a prospectus, which explains how the business is run, and what it intends to do in the future. Once all this has been done, the Registrar issues a Trading Certificate, which would allow Donald's new PLC to start trading.

The main advantages of becoming a Plc. include the fact that Donald will be able to sell his shares to the public. This will benefit Donald because if the public buy his shares, it will allow him to raise more capital and gain more profits in return. The firm will also be bigger and so will be easier to negotiate with suppliers. Similarly to Private Limited Companies, the shareholders who invest into a Private Limited Companies have limited liability and Donald is also able to employ specialists. Employing specialists will benefit Donald because it will enable the business to come up with more ideas from different people's perspective, which Donald can take into account when buying clothing from his suppliers (e.g. A person who has fashionable skills will have a different perspective compared to an ergonomist. This is because someone with fashionable skills will talk about how the clothes will look on people however the ergonomist will be concerned with the health and safety of the clothing rather than the looks). Similarly to a partnership and an Ltd, a shareholder's death or illness will not affect the business working as a Plc. Also, shares can be given to workers to motivate them if they are performing particularly well.

However, there are also certain disadvantages to consider. If Donald sets up as a Plc, anyone will be able to take over his firm without his permission. The financial accounts of the business are not kept private; instead they are published on to the stock exchange so the public is able to view them. A Plc. is also expensive – it cost over £50, 000 to set up this type of business organisation. A Public Limited Company has to share the profits it makes amongst the shareholders as dividend.

I think that Donald would benefit from a Plc because he will be able to raise more capital for the business since he can sell his shares to the public. However, a big disadvantage is that his firm is vulnerable to be taken over by anyone off the London stock exchange.

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- **Evaluation**

I think Donald should set up a partnership because setting up this type of business will be fairly cheap. Also, if there are more partners in his business, there will be more ideas. Furthermore, if there are more people, they can

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share the amount of work between them. Whereas, if Donald sets up as a sole trader, he will only be able to do a limited amount of work on his own. The more partners in his business, the more capital Donald will be able to raise for his business. The partners will get an equal share of the profits unless it states otherwise on the Deed of Partnership. I would not advise Donald to set up as a limited company because Donald has only been given £10, 000 redundancy payment – setting up as a limited company is expensive.

Section 5

Donald will need some help when setting up his business. There are many different sources of help that Donald can consider, which can be found in the private sector and the public sector. Firstly I will be discussing the sources of help in the Public sector.

- **Regional Aid Programme**

The Regional Aid Programme is run by the government and gives money to the businesses as a grant. This grant will get the business to locate in poorer economic areas of the UK. These areas are known as assisted areas. The Government gives grants to set a business up in a poorer area to help reduce unemployment in areas, which have a relatively high unemployment rate. The advantage of this source of help would be that Donald will not have to pay interest rates to the Government – he will not have to pay the Government back. However, Donald wants to set up in Crawley, which is not a poor area in the UK since it has a relatively high employment rate. Since Donald will be setting up in Crawley, he may not be able to get the grant from the government. Also, Donald will not want to set up in a poorer area, which has a relatively low employment rate, because Donald will not get potential customers that are able to afford his products.

- **Department of Trade and Industry (DTI)**

The DTI is responsible for the success of a business in the UK. The Department of Trade and Industry provide advice and leaflets and also display a lot of advice on their official website: <http://www.gov.uk/dti/>. Donald would benefit from the DTI because it will give him plenty of helpful advice to get him started. Donald will benefit from the DTI because he will get advice for free however, the information may not be helpful for Donald.

- **Central Statistical Office (CSO)**

The Central Statistical Office provides a wide range of issues, which will be of use to many businesses. The CSO are able to provide information such as population statistics, spending patterns, inflation, unemployment rates and much more. The population statistics are important for Donald because it will give Donald an idea of how many customers will visit his shop. Although the CSO will be able to provide a lot of information to Donald, Donald may find it difficult to interpret this information into his business because he has not been professionally trained as yet.

- **Training and Enterprise Councils (TECs)**

Training and Enterprise Councils can be found in most large towns and cities and they offer services to small businesses. TECs also operate the enterprise allowance, which is a grant available for the unemployed (e.g. this might be due to becoming redundant) that start up a business. If Donald uses the help of the TEC his employees and he will be able to get day seminars of training on how to run the business. Donald may also receive a grant, which he will not need to repay. However, the TEC takes a long time to offer services to businesses because Donald will need to register for it – lots of paperwork is involved. Also, Donald may not have enough time to attend the training sessions.

- **Loan guarantee scheme**

The Loan guarantee scheme encourages banks to give loans to small businesses. The Government guarantees loan repayments for some small businesses to encourage banks to lend and provide finance. If Donald uses this type of help source, he will be guaranteed up to 85% of a loan by the Government. However, Donald will be expected to pay back the loan along with the full interest.

- **European Union (EU)**

The EU provides grants to the public and private sector businesses. These grants can be provided for research and development, job creation and training schemes, improving infrastructure and developing energy supplies. Donald will be able to get grants from the EU so will not have to pay money back to the EU. However, it will take a long time for Donald to register for the EU.

There are also sources of help provided by the private sector. Unlike the public sector, the private sector will be expensive for Donald. Help sources from the private sector include banks, accountants, trade association and chamber of commerce.

- **Banks**

Banks provide businesses with sources of finance and also advice. Many of the main high street banks have specialist advisors to support small businesses. Banks will be able to provide Donald with loans and overdrafts as well as accounts, foreign currency, safety deposits and much more. If Donald uses the bank for help, such as taking loans, he will have to repay these loans with interest. However, unlike the Loan Guarantee Scheme, the Government will not guarantee paying up to 85% of the loan for Donald. Also, since Donald will be opening up a small business, the bank may refuse to give loans to Donald if they do not trust him enough to pay them back – the bank may feel they are taking a risk by providing Donald with a loan.

- **Management Consultants**

A management consultant will be able to assess Donald's business and can indicate how his business can be improved. Although management

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consultants are specialists, Donald will need to pay a great amount for this source of help.

- **Accountants**

Accountants can analyse Donald's accounts and provide him with helpful financial advice. Accountants can be able to help Donald in various areas, for example, they can advise him on how to avoid shortages of money. Although accountants are able to advise Donald in financial areas, they are very expensive compared to the DTI, which is free.

- **Trade Associations**

Trade associations provide helpful advice, concerning the industry, for businesses. Donald can get advice on the latest fashion trends, changes in technology, what problems to expect if he carries out certain actions. Donald will benefit from advice on the latest fashion trends because he will need to know what types of clothing to sell and which will allow him to make greater profits.

- **Chambers of Commerce**

Chambers of Commerce are voluntary organisations, which give advice to businesses within a certain locality. This organisation protects the interests of local businesses. The Chamber of Commerce can give advice to Donald of specific areas, such as, if there were road works outside Donald's retail outlet, the Chamber of Commerce would be able to advise Donald on how to overcome this problem. However, this organisation will be expensive for Donald.

Section 6: Conclusions and Recommendations

- **What product should Donald retail?**

I think Donald should set up a clothes store because 72% of the people questioned went elsewhere to get their clothes. This may be because there may not have been enough shops in Crawley, which sold clothes. If Donald opened up a clothes shop in Crawley, there will be a greater chance for him to get more customers, visiting his shop. I think Donald should open up a clothes shop for teenagers because many teenagers tend to shop in Crawley compared to other ages. Also, I think Donald should sell a range of clothing however they will not be too fancy because many teenagers would prefer simplicity compared to fancy dresses.

- **What factors should Donald Powell consider in locating his potential retail outlet?**

I think Donald should locate his retail outlet in the Queen's Square, Crawley. This is because Crawley shopping centre is a busy year all year round so Donald's store will be visited by many customers. Also, the shopping centre is only 3 minutes away from the M25. Donald will also be able to make a reasonably high profit because Crawley has one of the highest employment rates in England. Crawley has fast bus routes and 2 major railway stations too, which are adjacent to the town centre. Many car parking spaces are available around the town centre for customers and due to the big stores,

plenty of passers-by will visit Donald's outlet. The price and cost will be the most important factor, which Donald will have to consider. Since the County Mall shopping centre will be very expensive, I think Donald should set up in Queen's Square.

- **What is the best type of business organisation for Donald Powell to operate as?**

Donald should set up as a partnership because this will be fairly cheap. Also, if more people are in his business, work will be able to get done quicker and there will be more ideas and suggestions for the business to improve. If more people are in Donald's business, there will be people who specialise, which will be cost-effective since they will become more efficient in certain aspects of the clothing business. Also, more people in a business is better than having one (i.e. a sole trader business) because there will be thoughtful decisions, contacts and skills. I would not recommend Donald setting up a sole trader because he will have too much pressure put on him as well as unlimited liability. Also, a Ltd. or a Plc. business will be too expensive for Donald to set up since he has a limited budget of £10,000.

- **What are the best sources of help for Donald Powell in setting up his business?**

I think that Donald should use the various sources of help for his business' success. Donald should use the help of the bank, which is from the private sector. Although taking bank loans will be expensive to repay, Donald could also get the help of the Loan Guarantee Scheme since this is free and the Government are able to pay up to 85% of the loan for Donald. The bank will also provide Donald with helpful advice for his business since they have specialist advisors and services to support small businesses like Donald's retail outlet. Also, I think Donald should consider taking the help of the Department of Trade and Industry. This source of help will be free to use and will make sure that Donald's business will be a success in the UK. Donald will also find the Training and Enterprise Councils useful because they will provide training sessions and a grant for Donald since he is going to be setting up a small business for the first time. The EU will also be helpful because they will provide grants for research and development, job creation and training schemes, improving infrastructure and developing energy supplies.