

Jhon Cena

**Business enterprise and
Entrepreneurship**

H105BSS

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1 Executive Summary

1.1 Company details

Name – cenas

Address – 126 bromcroft, aalserly, Basingstoke b21 4jw

Telephone number – 02476 440653

1.2 Key people

Manager: Vanisha Patel

Full-time staff/ Part-time staff:

As the sector grows, there is an increased demand for qualified staff to manage such facilities. When I am looking for staff I will be focusing on the development of cognitive, leadership, interpersonal and social skills needed to perform effectively in this

Spa manager qualification

Bachelor's degree with a concentration on business administration or accounting is preferred.

At least 1 year of spa or beauty therapy experience.

Thorough knowledge of the full range of spa services and therapies needed.

Fully-qualified and have BABTAC accreditation industry.

1.3 Product and services and customers problems to solve

Breakdown of expected available treatments:

Gymnasium

Spa pool

Steam room

Sauna

Set classes: aerobics, yoga, Pilates

Hair salon

Nail treatment

Alternative treatments; Indian head massage, acupuncture

Make-up

Tanning

Service for special occasions plus set packages (wedding packages)

Possibility to expand business to an 'at home service'

Fitness classes - taking place throughout the day; to target specific people.

The customers' problems which I will solve will for example, for those clients who are suffering with aches and pains, I will offer physiotherapy. This will help relieve the pain.

1.4 Market research

According to Birmingham College of Food and Hospitality

“The spa industry has witnessed substantial growth in the last decade and the spa concept has become a significant part of the dynamic hospitality and leisure industry, an industry which is dynamic and diverse. Spas, hotels, health resorts and hydros have benefited as consumers have responded to the increased levels of stress in everyday life.”

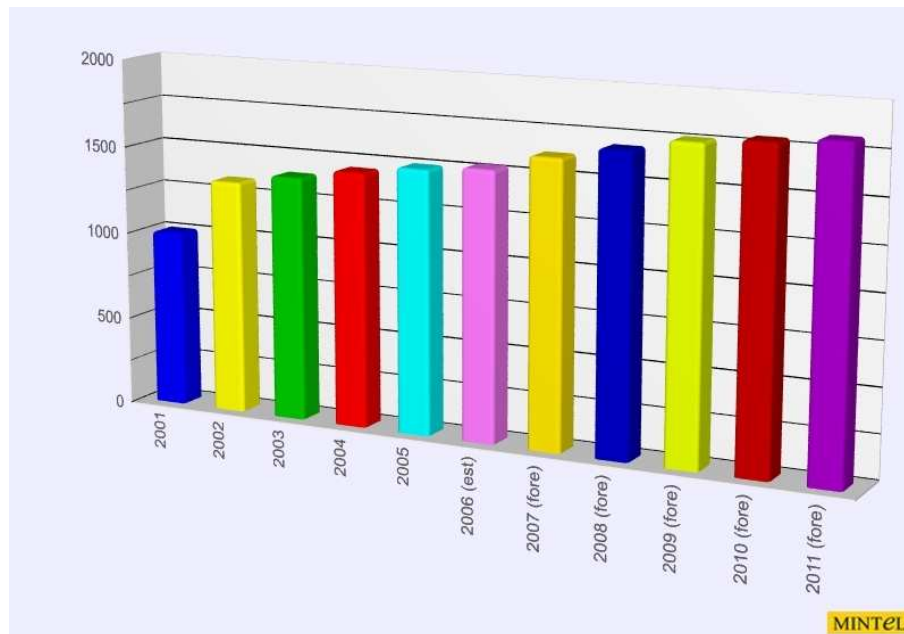


Figure 1: UK health and beauty treatments market size, 2001-11

(Appendix 1)

The impressive rates of growth enjoyed by the market in the early part of the decade have seemed to have slowed down but it continues to increase in value significantly each year. Growth has been driven by increased numbers of people having treatments and a rise in the average spend per head. (See appendix 2)

1.4.1 Present market performance

The market performance in 2006 was steady, while 2007 is expected to bring similar levels or demand

1.4.2 Future market performance

In the future, rates of growth will need to be maintained by making treatments more affordable and accessible. Champneys (health farm) for example, established a partnership with Sainsbury's in 2004 for its spa products, a move which has enabled

consumers to become more familiar with the brand. Mr Purdew, a director of brand, has been quoted as describing Champneys as:

“It was a Rolls-Royce and we have made it a Mercedes. It was aspirational but it has become affordable.”

With the increased focus on looking good, it seems there will be no shortage of potential customers, particularly women, who seem to have enthusiastically embraced health and beauty treatments. However, the trick seems to be in maintaining their levels of usage of these treatments as part of a regular routine rather than one-off treatments now and again. Although still rather a niche sector, men represent a key target market for health and beauty salons in the next five years, as it is becoming more acceptable for men to undergo similar treatments to women in pursuit of a better self-image.

Older consumers, many of whom have considerable spending power, are generally not being engaged by the health and beauty offer of many salons, yet they show considerable interest in certain treatments, particularly alternative therapies. Therefore, this is another area of potential growth for the future.

1.5 Strategies for success

Overall before starting up this business, my strategy for success at this stage will be to establish an air tight budget. That will match with my raised capital.

Salon Customer Service and Satisfaction is the Key

The success of my health farm will be directly linked to me and my employees' abilities to satisfy every customer. The best way is retaining my existing customers by having them leave happy on every visit, this way my customers can work for me in the way that they will be marketing the business by word of mouth. Word-of-mouth can be an extremely effective form of organically marketing the health farm.

My main goal to customer satisfaction which will to eventually lead to the success of my business to make sure all my employees are professional and courteous and that expert training is given to all employees.

Create a Comfortable, Clean and Safe Atmosphere for my Salon/Spa

An important point I must make is that customers coming for a relaxing time at my health farm must feel comfortable and stress free from the outside world's problems. So it is important that from the point that customers walk through my doors to the point they exit they should be presented with an environment that is clean, safe, comfortable and relaxing. Customers expect cleanliness. By making sure that floors are swept in between customers, making sure towels, trimmers and other equipment are washed and fresh for new customers. I must fit comfortable couches and furniture in waiting areas. Offer magazines and/or coffee table books for reading. Anything I can do to make customers feel more comfortable and relaxing will help retain customers and gain new ones.

Retaining an existing customer base is not enough if I wish to grow the business. It is important that I market the business to new customers, to do this I will:

- Create a unforgettable name for the business
- Create a logo and 'style guide'
- Create a slogan
- Install attractive signage
- Create and Promote a Website for the health farm
- Promote the Website through Email Marketing
- Promote the Website through Organic Search Engine Optimization (SEO)
- Increase my Client Base through Regular Advertising Methods
- Pay-Per-Click Local/Regional Web Advertising.
- Direct Mail Advertising
- Yellow Page Advertising
- Radio or TV Advertising
- Increase your Salon or Spa Client Base through Creative Advertising Methods
- Develop an Incentive System for your Customers to Refer their Friends and Family
- Donate Gift Certificates / Coupons to a Charity Organization
- Extended Branding of my Salon/Spa

The above marketing tools will be increased over the next five years as these will take place over time

1.6 Managerial and technical experience

The business will require a full time manager. The manager is fully qualified in all treatments, and has a Bachelor's degree FdA Spa Management with Hospitality. The key shop floor staff identified above will require qualifications in the treatments provided. The business will require two full time members, one with qualifications covering the majority of health and beauty treatments, the other qualified as a gymnasium trainer and fitness instructor. Part-time staff will be arranged for regular peak-time slots.

1.7 Financial (See appendix 3, 4, 5 and 6)

1.7.1 Start-up required

The business will require an initial start-up of £46,617.88. This money will cover the cost of acquiring a premises, equipment, overheads, advertising, staff wages and training. The breakdown is as follows:

Starting a Salon or Spa Business

A basic hair salon can be started with light to moderate capitalisation. I will be offering a more full service business, the health farm will require exceptionally more funding than your average salon or gym. In order for the start up of this particular business to be on the path of success I must identify the full services and products that I will be offering customers, also fill the niche in the market that my competitors cannot offer.

The amount of capital needed to start this business will vary depending on the type of products and services I will be offering, the salon and spa equipment required, the basic fixtures and administrative equipment required, the opening inventory of products I will offer, and the mortgage and utilities.

Building Improvements, Fixtures and Design:

Depending on the age of the building acquired a budget has been included for improvements to the structure and utilities. As I will be offering services such as shampoos and conditioning, I will need to install plumbing for washing basins. Costs of building improvements aside, I will need to set up a contingency fund as well as funds for interior layout and design, flooring, painting, window fixtures, indoor and outdoor signage and general decorations. The contingency will be in case unexpected expenses should come up.

Administrative Equipment:

In addition to the specific to the business's equipment I will need the basic administrative equipment. Such as cash register and computer, phones, basic office supplies, desks, and furniture as appropriate.

Advertising

I have decided to advertise in my local news paper (Evening Telegraph) which costs £10 a day x 14 days (2 weeks) = £140.

I will advertise for 14 days 5 times during the year = £700

1.7.2 Forecast

The business expects to be making a profit after 2 years and paid off the initial debt by year 5.

In order to repay my loan, I got a monthly figure from a website with Ocean finance. This gave me a total figure of £421.46; this was to workout my total repayment in the time I had to pay the loan back plus interest. I then multiplied this by 180 which gave me an answer of £75862.80. I used this number and took £45.000 away, the amount of years I have to pay it back. The total of this was £30862.80 which I divided by 180; this tells me I have 15 years to pay it back. My total of £171.46 was multiplied by 12, and my final answer of what needs repaying plus interest and capital is £2057.52. My interest rate is a total of 7.9%

2 Vision and Mission Statement

2.1 Entrepreneur's vision

The business would like to be at the forefront of beauty treatment, giving a high quality of service at eventually premium prices.

2007 – During this year I will buy a large property on a busy high street situated on the outskirts of Coventry City Centre. This will be refurbished and turned into a simple hair and beauty salon, targeting women as an established market and men as a growing market. However the company in the long term would to be known as family friendly. I will be selling products as well as having health facilities such as Colonic Hydrotherapy, Hypnotherapy, Osteopathy Pilates and Yoga. I will also be adding a fitness gym on the second floor.

2012 – I hope to have a successful business and have made enough profit to continue for the long run but also to expand or rebuild another Health farm. At the moment I am looking around in Leamington Spa. The reason I have chosen this area is that I would like to build a more upper-class type health farm; the residents in the area are generally wealthy people.

The area is small and quiet but it is easily accessible to the surrounding cities such as Birmingham, Coventry, and Leicester etc.

2.1.1 Mission statement

“To give good quality treatments to meet customers satisfactory needs and wants at competitive prices”

2.2 The business

The business is a new company providing a health and beauty service in the Stoke area. According to “Prospects” The industry is a high growth area, recent research indicates that the UK population is set to see an increase in the numbers of 15-24 year olds and 55 year olds. In addition, by 2010, the number of over 60s will have increased by 3.1 million showing the increasing importance of the ‘grey’ market.

The idea of health farms defines health as a blend of physical and mental well-being, combining exercise, preventive care, stress relief, relaxation and weight control. The emphasis on preventive care and relaxation is a great opportunity for the growing spa market – estimated to be expanding by 7.4% a year. UK residents take around 13 million spa trips a year. As this trend grows, this sector may well come under the medical definition of the health industry.

2.3 Business values and principles

As a service the business will be providing treatments that are regulated and are proven to not cause long-term damage. As everyone in this day and age are turning towards natural

alternative therapies along side the traditional treatments, I will be offering services like hopi ear candles, herbal body wraps, aromatherapy, reflexology.

2.4 A mark above the rest

This business provides a blend of services that are extremely hard to find in one building. As I have all of these services in one, customers can schedule several services in one visit, rather than having to go to several establishments at different times. Most health farms are in the country side, which is great if you are wanting a weekend away, but this one suits the lifestyle of the modern everyday people as is it located in the heart of Coventry and is unique to this type of service. Customers can do their shopping and then pop in for a gym workout without having to go out of their way.

3 Industry Profile and Overview

3.1 Industry analysis

Spa Industry Shows Incredible Growth according to Family Travel results, 95 million visits are made to health farms/spas. They generate more in revenue than ski resorts.

“As the association representing the entire health and wellness industry, ISPA is very pleased to provide such a comprehensive report of its growth and trends,”

Said ISPA – International Association by PricewaterhouseCoopers - Executive Director Lynne J. Walker

3.2 Industry background and overview

The industry background is one which is growing

3.3 Major customer groups

The major customer groups which will benefit my health farm will ultimately be the customers who are paying to have a membership with me. This will in turn pay my opening income at the beginning of each year. To attract more major customers I will hold special offers and incentives. I will also speak local Coventry athletes to offer special treatments such as physiotherapy and hydrotherapy.

3.4 Regulatory restrictions

There are health and safety restrictions governed by the Health and Safety Act 1974
There are consumer rights to be aware of too.

There is no legal requirement for health and beauty therapists to be registered. However, the majority of practicing therapists belong to one or another (or more than one) trade body as it is normally a condition of their insurer or employer that they are accredited to one of the recognized industry organizations.

The leading organisations in the health and beauty treatment market are:

- The British Association of Beauty Therapy and Cosmetology (BABTAC) were established in 1977 and have 9,500 members who are all beauty or holistic therapists in the UK.
- The Federation of Holistic Therapists has 21,000 members who are beauty, sport or complementary therapists.
- The Guild of Professional Beauty Therapists, which was launched in 1994, has 6,000 members.
- The Association of Reflexologists has 8,529 members, of which 6,030 are actively practicing reflexology.
- The Sunbed Association, which represents tanning salons, has 1,500 members. It estimates that it represents only 20% of the total sunbed operator market.
- There are many other organizations, some of which have less than 1,000 members.

3.5 Significant trends

According to a report from Mintel database “Issues in the Market” tells us ‘Image is everything’.

Consumers are increasingly concerned with the way they look, a trend that looks set to continue. To this end, they are prepared to splash out on health and beauty treatments, such as tanning, anti-ageing, facials, manicures, pedicures and alternative therapies.

Looking good is top priority Hair removal, manicure/pedicure, eyelash and eyebrow tints are the most popular beauty treatments with consumers, reflecting the emphasis placed on physical appearance.

Although UV sunbed tanning is still popular particularly with the younger generation of consumers, the business has taken a stance not to incorporate treatments that have proven health concerns. However as artificial tanning is also boosting the tan shop sector, by incorporating this type of treatment the business can widen its target audience by bringing in an entirely new profile of consumer.

3.6 Growth rates

A report from Mintel database ‘Issues in the Market’ shows consumers are spending more on health and beauty treatments, figures have risen by 174% between 2000 and 2006 to reach just over £1.5 billion. By 2011, this figure is expected to reach £1.8 billion.

Competitive market

Latest industry figures have found that average prices for treatments had fallen compared to 2005.

This partly reflected a higher proportion of home-based and mobile therapists (who tend to charge less) in the sample. But it is also indicative of the competitive nature of the industry as more practitioners enter the arena. As a new-comer to the market, I will be incorporating the home therapies as an option to the business.

Men are more inclined to have treatments than in the past. However, beauty salons have a limited appeal for them as they tend to be rather female-oriented and this has channelled them to certain types of outlet such as those found in health clubs and leisure centres. The business will aim, over time, to target this market.

The report also suggests that hair salons are the place most people choose to have beauty treatments, while specialist beauty salons are the next most favoured venue. Other popular choices include health clubs and hotels.

Moving forward Going forward rates of growth are likely to be maintained by making treatments more affordable and accessible. Practitioners will also be concentrating on increasing the frequency of use of treatments, aiming to establish them as part of consumers' regular beauty regimes. There is also likely to be increasing focus on exploiting the more niche markets such as treatments for men.

4 SWOT Analysis

The SWOT analysis provides a series of checklist for auditing my business's strengths, weaknesses, opportunities and threats in order to help me gain a strategy for my company.

<p>O ~ opportunities. (External)</p> <p>My Business has the opportunity to Raise its profits</p> <ul style="list-style-type: none"> • Developing a market • Bring new technology. • Evolve old products. • Growing Market • Gaining interest in health and fitness 	<p>T ~ threats (External)</p> <p>Changes in the external environment may lead to a threat in a business.</p> <ul style="list-style-type: none"> • New competition, new companies. • There may be an increase in trade barriers. • How well you will do against already established business.
<p>S ~ Strength (Internal)</p> <p>To achieve a sustainable competitive Advantage. Its strength comes from Resources and its capability.</p> <ul style="list-style-type: none"> • Quality Products- developing Quality products will keep 	<p>W ~ weakness</p> <p>When the company does not have a particular strength, it can be considered as a weakness.</p> <ul style="list-style-type: none"> • Small company • Small market share

<p>customers satisfied. And will therefore come back</p> <ul style="list-style-type: none"> • A good reputation will be developed amongst customers for the good quality service that is being produced. • Owner Enthusiasm. 	<ul style="list-style-type: none"> • High cost structure • High loan
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Marketing research

While looking at Coventry as a whole, I found a database called 'Census' which allowed me to look at the population concerning males and females. In Coventry there are 300,848 people, (149,115 males and 151,733 females) this result is in my favour as although I am looking to expand the business to cater for male clientele I will be expecting the majority of the initial trade to be female. However this statistic shows there are definite opportunities in both the male and female health beauty market.

Discounts

When I feel I have made an established cliental, I will hold a day for the elderly where they will have half price treatments throughout the day one day a month to start, and see how things pick up. I will also be holding special offers especially to market the business to the elderly. When I feel I have strong customer base with the elderly I plan to increase the one day a month treatment to once a week and offer other type of incentives. I will also sell vouchers at discount prices to be given as gifts.

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