

Unit2 - Investigating Business
School Shop

Introduction

My school has decided to start up a new school shop to be run by the sixth formers. The shop will be in the school but is still in its early stages and needs help to be set up. The head has asked me and some other fellow students to help with the start up of the shop. They feel it will give me an insight into how a business is set up and run, but also the problems that a business can encounter. I will have to produce a name, logo and objectives for the company whilst running the start up of the business.

Start Up

I have chosen to call the shop "Hayes Days" this is because it's clear that the shop is related to Hayes, it is catchy and easy to remember, and it rhymes which means it will be quite easy to advertise.

Slogan & Logo:



Smart Objectives:

Specific
Measurable
Achievable
Realistic
Timing

To break even by Christmas

To Have 30% of the school visit the shop within the first 2months

To Have 10% of the school buy something every week after the first month.

Hayes Days sells:

I have decided the main focus of the shop will be on Milkshakes & smoothies which are made from fresh fruit as a healthy and tasty option for students. Sandwich wraps will also be sold as an alternative to canteen food.

Mission Statement

Our mission statement as a school shop is to provide healthy quality food at convenience for students, by enabling them to purchase what they need during school. We aim to sell healthy but tasty food for students and encourage them to eat healthier by offering an alternative to canteen food.

Ownership and Legal issues

The ownership of a business is very important because it effects the legal set-up, responsibilities of the owner, work load, stress and holiday. I am going to look at each type of ownership including their advantages and disadvantages so that I can decide which type of ownership will suit my business best.

Sole Trader

The most common form of a public sector business is a sole trader this type of business is owned by one individual trading by their name or another suitable name. The owner runs the business but employ other people to help. It is straight forward to set up as a sole trader because there are no legal formalities needed. However once a sole trader has set up and become established they do have some legal responsibilities. Sole traders do not have unlimited liability which means that if the business goes bust your personal possessions can be taken to cover the debts.

Advantages

Being a sole trader means a lack of legal restrictions; this means a quick set up and no administration costs. The owner doesn't have to share any profits that they make from the business after tax. The owner is 'the boss' so they can make their own decisions about the business, and have more job variety as they can decide which jobs they do within their business. They have more flexibility with their hours. A small scale

business such as a sole trader only needs a relatively little amount of capital of start up.

Disadvantages

Unlimited liability is the main draw back; this means that they have total responsibility for his or her debts, personal possessions can be taken to cover the debts. They may not find it as easy to raise capital from banks and investors as they would if they were a limited company.

'The Boss' has all the responsibility and may have to work long hours to meet tight deadlines if no one else can work extra hours. This means if the business is unsuccessful all debt lies with the sole trader.

Partnership

A partnership is a type of business entity in which partners share with each other the profits or losses of the business. These businesses can also be formed easily. The partners normally draw up a partnership agreement, which is where they both own a part of the company, there can be between 2-20 partners. There can be sleeping partners who have a silent share in the business and choose not to be involved with the running of the business.

Advantages

The responsibility can be shared between partners allowing individual partners more free time. They can share all decision making between them if they are unsure how to deal with something. Partners can specialise in different functions, so that they have the most effective workforce possible. There are also no legal formalities to complete when starting up the business. Since this business tends to be larger than the sole trader they are in a stronger business to raise money from outside the business.

Disadvantages

Disputes can be caused between the partners if they have different opinions which could make the business suffer. Also one partner has a bigger share in the company that could cause conflict. The partnership ends when one of the partners dies, the partnership must be wound up so that the partner's family can get the money invested back.

There is a legal limit of 20 partners in an ordinary partnership so that means that they can't sell more shares to raise capital.

Unlimited Liability (means that if the money you put into the business doesn't cover your debts then you have to sell your own personal possessions to cover it e.g. House or car.

Limited Partnership

A limited partnership is a form of partnership similar to a general partnership, except that in addition to one or more general partners (GPs), there are one or more limited partners (LPs). Like shareholders in a business the LPs have limited liability which means that they are only liable on debts incurred by the firm. Therefore they can't lose their own money just the money that has been invested into the business.

Public Limited Company (PLC)

A public company is a company that is able to offer its securities (stock, bonds, shares etc.) for sale to, usually through a stock exchange. Usually, the shares of a public company are owned by many investors while the shares of a private company are owned by relatively few shareholders.

Advantages

They have Limited liability which means the money only comes from the business not personal possessions of the shareholders.

There will be an increased capital as the public can buy shares in the company. There can be a minimum of 2 directors and 2 shareholders. The shares increase in value if the company successful meaning bigger dividends. Operating large on a scale can lower costs per unit

Disadvantages

There are many regulations (rules and laws) to comply with and all Accounts (and problems) are public knowledge so people know if the business is doing badly. The shareholders outside the business may sell shares if dividends poor. The original owner may lose overall control, because it's a big company to be involved with and you would have to work really hard.

Private Limited Company

A Private Limited Company, whose shares are held by the directors and are not public issue, must have limited in the name to show this. Usually a limited company is held within the family, it is guaranteed by its members but it doesn't have a shared capital. Private limited companies tend to be smaller than other companies. The shareholders are usually the directors of the company and have a lot of input.

Advantages

Shareholders have limited liability this means that more people are willing to put money in than say a partnership. If one owner pulls out or dies, the business will still be run by one of the other shareholders. More capital can be raised as there is no limit on the shareholders. Control of the company cannot be lost to the outsiders because shares can only be sold to new members if all the other shareholders agree.

Disadvantages

The profits have to be shared out between a much larger number of members, to set up the business it costs money and there is a legal procedure. As the firm cannot sell shares to the public this means they can't raise as much capital. Financial information filed with the registrar can be looked at by any member of the public; this means competitors can use it to their advantage.

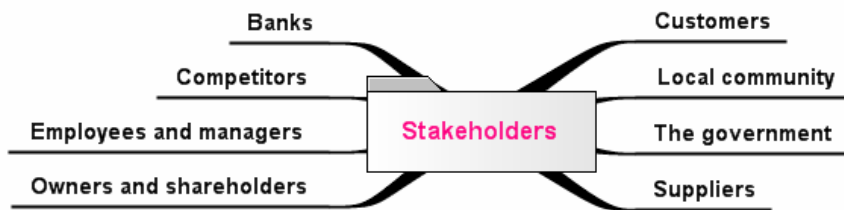
Conclusion

I have chosen to have a partnership as the ownership of "Hayes Days" because I think it's the most appropriate. In the partnership I will be able to share the workload, stress and discuss decisions with someone else's input. If one of us is ill we can cover for one another, also with holidays and other responsibilities. I don't think that there will be many disagreements because we will both have an equal share in the company, and will both be thinking of what benefits the school and students. There can be between 2 and 20 partners which means that there will be loads of different ideas and help with the business, and so the success of the business doesn't rely on one person's abilities. Also a partnership is bigger than a sole trader which means that there's a bigger chance of raising money outside of the business.

The Stakeholders

All businesses have stakeholders, some more important than others. The stakeholders can be internal or external. In this task I am going to produce a brainstorm of all my stakeholders, and then using subheadings, I will explain how influential and important each stakeholder is to my business. Then I am going to explain which stakeholders are the most important to my business.

This is a brainstorm of the stakeholders within my business



I am now going to list my Stakeholders in order of importance and how influential they are to my business; I am then going to explain why they are important and how their influence affects the business.

Customers

Customers are people who pay for products of services provided by another person or organisation. In order for a business to be successful the customers must be satisfied otherwise the business will fail as they will not be making any profit. I think that customers are the most important and influential stakeholders within an organisation because in order for businesses to survive they need to make a profit or at least break even to start with, and the only way that they can happen is if the business has customers buying their products or services. This means that businesses are dependant on their customers and must keep them happy and maintain a good relationship with them. As one of my objectives is to break even by Christmas, the customers are essential stakeholders for 'Hayes Days'.

Shareholders and Partners

A shareholder is someone who owns shares in a business. Most companies need shareholders because they need a bigger shared capital if they cannot afford to raise it on their own. As my business is a partnership the partner is essential to the company as they provide half the start up costs, make half the decisions and share profit. The partners or shareholders in a business need to have a good relationship with each other because if one decides to leave the business they have to find someone else to buy their share in the business. Also if there isn't a good relationship between the partners the business will suffer because they won't make decisions together and will argue about how the business is run. They need to be good at working as a team together otherwise there will be too much conflict and some shareholders will want to leave the business. The Partners or shareholders expect to be involved in the businesses decisions and receive a shared profit. Without the partner my ownership would be destroyed and would not be able to run.

The Staff

The staff/employees or managers are the people who are employed by an organisation to help run the business. The staff can be given all different jobs and positions within the company which they will do in return for a wage. Each position is equally important as the other because a business cannot run without people to provide the service or products. The employee's need to be kept happy and motivated otherwise they wont perform to the best of their ability and are more likely to leave the business which means them having to find new staff and train them. I think that the staff are very important to the business because without people to serve the customers, the business will not make a profit an there for not survive. The employees need to be motivated, happy and given a chance of showing off their skills in order for them to be confident and happy at work. In Hayes Days I will give employees a chance to improve at work and give them challenges to achieve, this should also motivate them to do the best that they can for the business. The employees want to be respected and earn a decent wage; they also want to be given the chance to move higher up within the business hierarchy.

The Suppliers

The suppliers are the people who provide a business with the products or services that they need to sell to customers. The suppliers usually visit a

store once a week to deliver stock which is ordered by the business before hand or everyday if the store is selling fresh food. The suppliers have a big influence on the business because without products to sell, there is nothing for customers to buy which means no profit for the business. If the business makes no profit then they cannot survive and will have to close down. If the business keeps a good relationship with the suppliers then when they order things in bulk the suppliers may give them discounts or lower prices if they order regularly. Also if the suppliers are happy working for the business then they will not let the business down and deliver on time. As Hayes Days is a smoothie and sandwich shop I will need a regular supplier, a fruit and veg merchant will be the main supplier for my business which also means the prices shouldn't be too high. As my food all needs to be fresh I need a small deliver every morning. The suppliers want the business to keep ordering and giving them regular work, if this happens they have more of a steady income. They expect to be given an order/delivery time a couple of days before it has to be there in order for them to get the products together. They supplier wants the business to recommend them to other businesses, be treated with respect and to be given a decent amount of money for their products.

The Local Community

The local community are the people who live in the area around the business. The local can have a big influence on some businesses because if they make complaints about a business to the local council it can be taken further and the business could be closed down.

Banks

Banks have quite a big influence on all businesses because they loan money to a business to either start up their business or whilst the business is running if they are struggling with running costs. A business needs to maintain a good relationship with the bank otherwise they won't loan them money again. If the business doesn't pay back money on time, then the bank will not deal with them in the future and will give them a bad finance record. If a business has a bad finance record it is unlikely that another bank will give them a business loan. If the bank disappeared my business may not be in a lot of trouble unless I needed a loan which hopefully I will not have to do, however there are plenty of other banks for my business to try and get a loan from. The banks expect you to show them a business plan of how you will afford to pay back the money you owe, if they think the business will be able to then they should receive the loan. The bank also expects a business to pay back the money on time; otherwise they

won't want to help the business in the future and will think the business is incapable of surviving.

The Government

The government are the people who run the country and make the laws that my business and all other businesses have to follow. The business needs to stay on the right side of the government because they have the authority to shut down a business.

Competitors

Competitors are the people outside the business who are competing to obtain the same customers as another business, by providing similar products or services. The competitors have some influence on a business because every business is trying to provide a better service or products than the other in order to gain the most customers and profit. In order to compete with other businesses Hayes Days can promote the fact that they are convenient for all the students in school which is something that other businesses in Hayes can't offer. This means that Hayes Days can have slightly higher prices as they offer convenience. If the competitors disappeared it would be better for Hayes Days because customers have nowhere else to go if they want to buy products. Therefore making the business a bigger profit.

Researching your Market

I now have the basics of my business set-up; I need to investigate into what markets are open to me. I am going to conduct several types of research, including primary and secondary data collection. I will then process and analyse the information to give a clear image of the market I'm going into. To find out my primary research I am going to create a questionnaire and give them to two boys and two girls from each year group so I have a range of students, 32 students. I will then place my primary research into graphs and analyse them. After I am going to conduct secondary research and analyse that, this will give me a thorough idea of the market I am targeting.

Please Complete the Questionnaire

1. Which year are you in at school?

Yr7 Yr8 Yr9 Yr10 Yr 11 Yr12 Yr13 Teacher

2. How often do you buy lunch at School per week?

Never Once Twice Three Four Everyday

3. If you ever bring a packed lunch, why?

Better Value Have allergies More convenient Other Please state _____

4. How much do you expect to pay for a smoothie?

Less than £1 £1-2 £2-3 over £3

5. How much do you expect to pay for a sandwich/wraps

Less than £1.50 £1.50- £2 £2-2.50 over £3

6. What Main fillings do you like in your sandwiches/wraps?

Ham Cheese Chicken Cajun Tuna Other Please State _____

7. When you buy lunch at school, what do you usually buy?

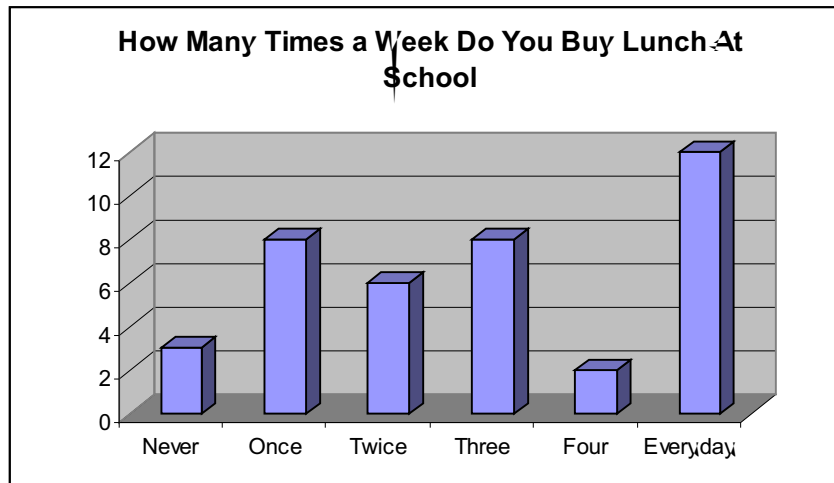
A cooked meal Sandwiches/ Snacks Pasta Soup Other please state
Wraps

8. What is your favourite flavour smoothie?

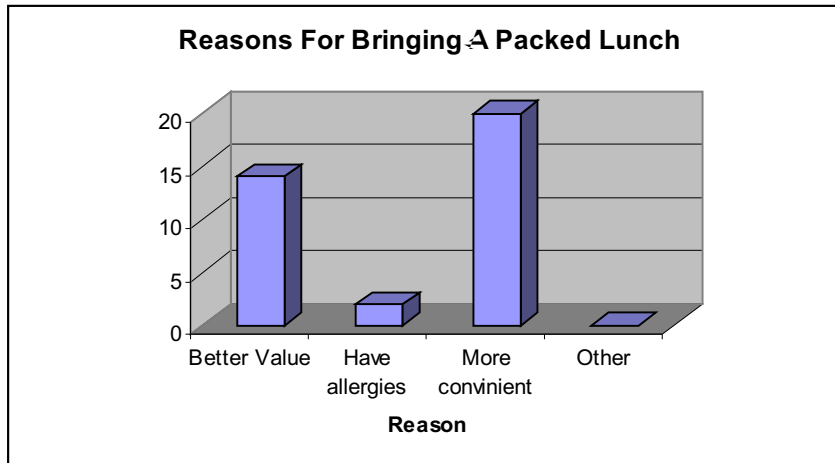
Banana Strawberry Raspberry Apple Orange Tropical Other please state

The Results

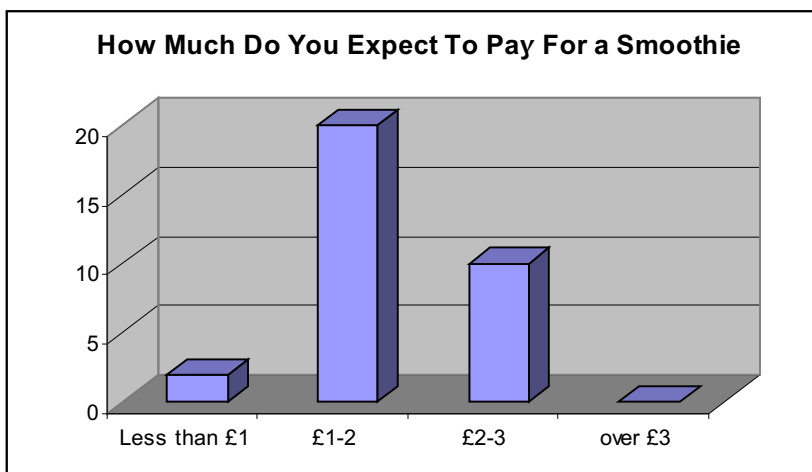
I have now put the results in to graphs for each question, this makes it clearer and easier to analyse. By looking at the results I will be able to see how they will affect my business positively and negatively. I asked 32 people which was 2 boys from each year and 2 girls, also I asked 2 male teachers and two female teachers. This was so that I could get a wide range of people and a wide range of answers.



When asked how often people buy lunch at school the most amount of people said everyday. This is going to have a positive effect for me as I know that people are bringing money into school to buy food and they only have the canteen to choose from at the moment. However this also means that I have competition with the canteen and have to keep my prices lower. The majority of students buy lunch at school at least once a week which means that I have a good chance of selling my products to students and teachers as they bring money to school to buy lunch. The only negative effect is the fact that as people are used to buying from school they may not want to try something new which means that ill have to advertise my shop a lot before hand and maybe give a discount on the first opening so that people definitely try the Sandwich and smoothies out.

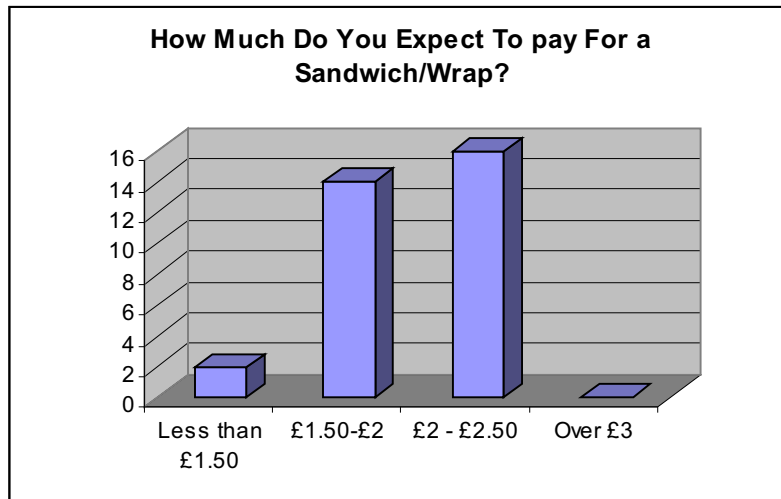


As you can see from this graph the main reason for people bringing a packed lunch is because it is more convenient. This is a good result because it means that as my shop is going to be convenient so students may not feel the need to bring food from home. The second highest choice was better value; this means that I have to keep my prices reasonable and better than the canteen food prices which they obviously find too high. 2 people said that they have allergies, obviously their will be more people with allergies than that out of the whole school, so I will make sure that all food is labelled clearly with the ingredients so that students know what they are getting. In order to make my prices lower and better value than the canteen I will have to go in and see how much they are selling their food and drinks for.

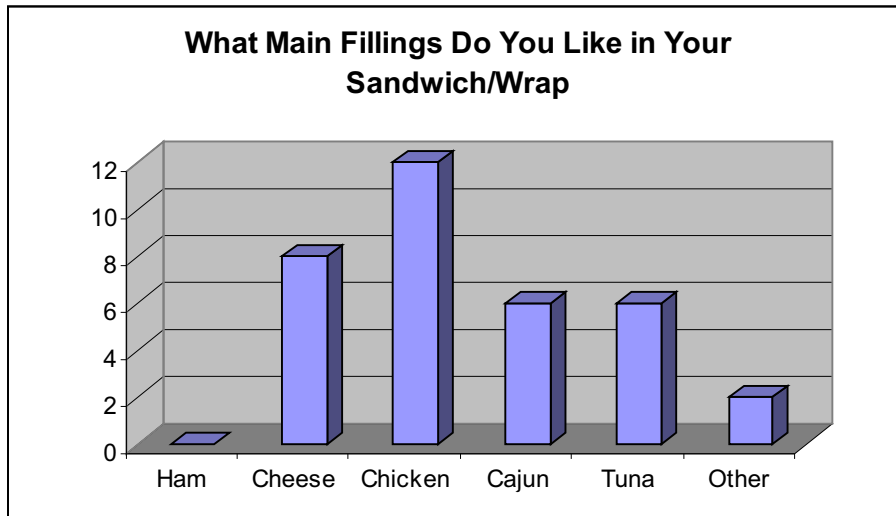


This graph shows me that the majority of people expect to pay between £1-2 for a smoothie. This is the price range that I will aim to keep my smoothies in because I think that it's a fair price as just buying fruit it doesn't cost me a lot to make them at all. 8 people said that they would

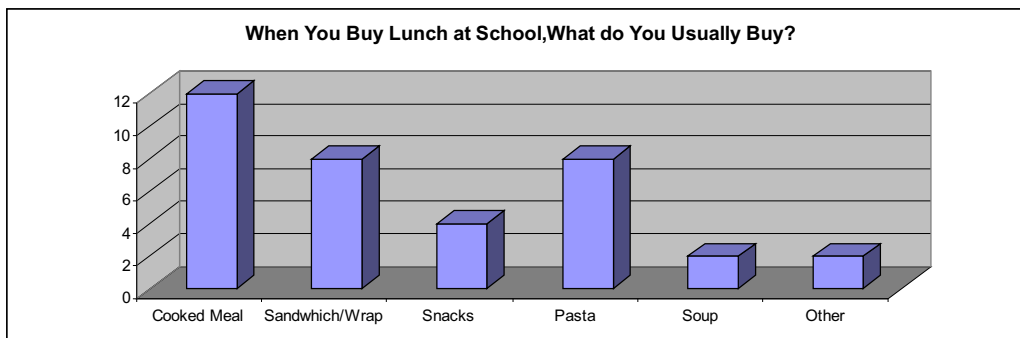
pay between 2-3 pounds which is good because I only asked a small amount of people which means there will be other people in school who are willing to pay a higher price. Therefore I might make a larger smoothie for people who don't mind paying a slightly higher price, and then have a regular sized one for the 1-2 pound price range. I am also at an advantage because the canteen and other shops in Hayes (which are also only available to Sixth Form at lunch) do not sell smoothies, this means that if students want a smoothie I am their only option so they can't be too fussy on price although I will be keeping them low.



From looking at my graph I can see that the majority of people asked either said £1.50-2 or £2-2.50. Slightly more people said that they would expect to pay between 2 pound and two fifty, so I will probably charge £2 as it is in between both. This means that I will still be cheaper than Sainsbury's and around the same price as the canteen, but I will be of a higher quality. There wasn't a high percentage of people who said they would pay less than £1.50 which is good for my business as I won't have to have really low prices reducing my profit.

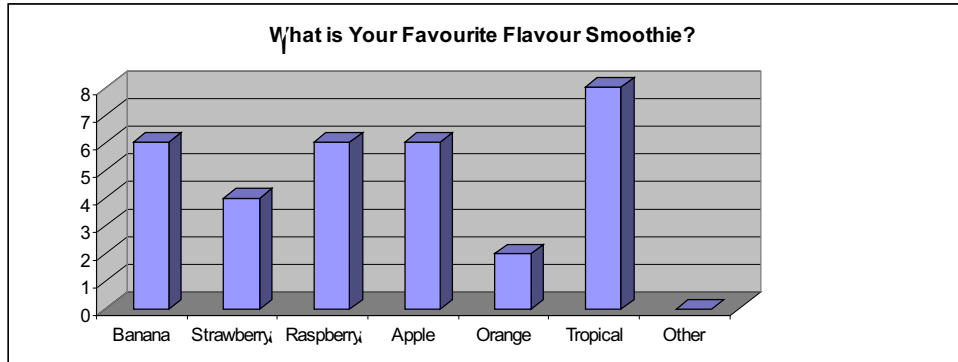


From this graph I can see that the most popular filling is chicken, this means that I will ensure that I order more chicken filled sandwiches and wraps rather than less popular fillings such as ham. Two people suggested another option which was a BLT. For my shop I am going to make sure that I order mostly chicken, cheese, tuna and Cajun and then have less of ham and BLT. This way I won't have too many left over sandwiches that will go to waste.



This graph shows that when students go to school they usually buy a cooked meal. This is a negative affect for my shop because I am only selling cold food; however as it's only 12 people out of the whole year I am not going to change any of my products that I sell. The sandwiches and wraps category had 8 people which was still one of the highest so I am confident that the sandwiches and wraps will sell, and also as they are going to be higher quality than the canteen but still at a lower price. Also they will be cheaper than Sainsbury's but of the same quality so when sixth formers don't want to walk to the station the shop will be even more convenient.

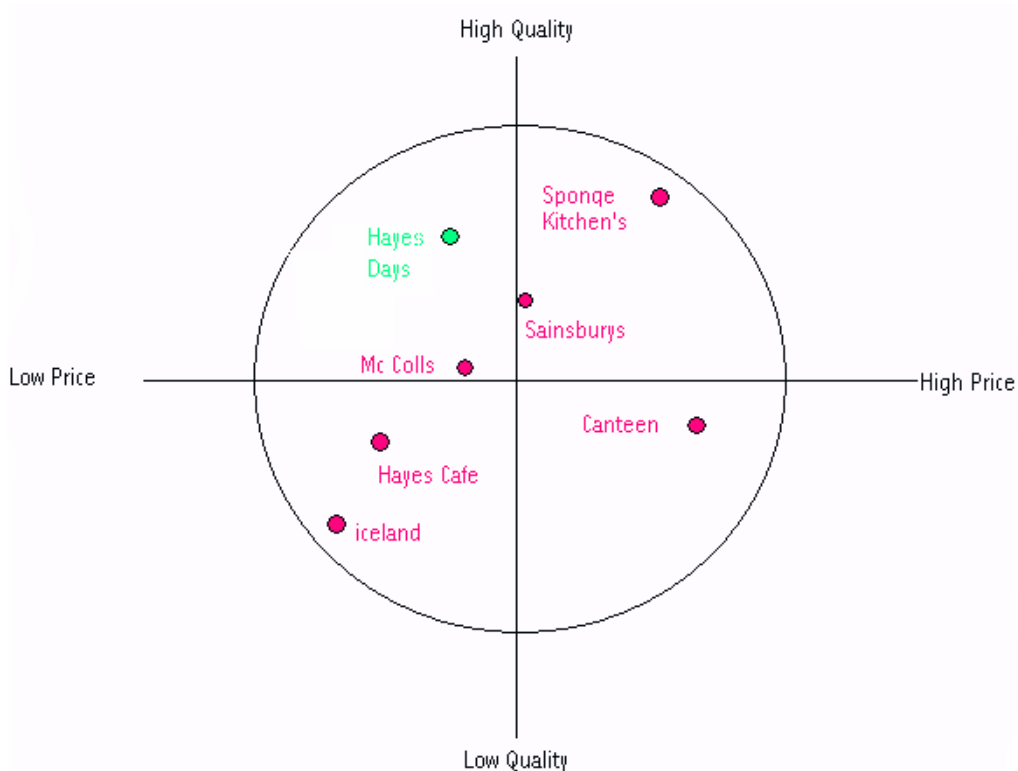
Unit 2 – Investigating business



From looking at this results graph I have decided that I will sell all these flavoured smoothies as it doesn't cost a lot for me to make them and I can gain a profit from the price students are willing to pay. The most popular flavour smoothie is tropical which means I will have to order a lot of fruit that's needed in that smoothie. This is the same for other popular flavours like raspberry, apple and banana. This is a positive affect for my business because where it is so cheap for me to make my smoothies and they seem to be something students are interested in, it means that I will have a unique selling point as no other shops nearby sell them.

Secondary Research

PERCEPTUAL MAP



Competitors

Sainsbury's

Sainsbury's is my main competitor because they will be providing nearly the same level of quality but at a higher price which is an advantage for me. I am able to provide a good quality at a low price because my smoothies cost so little to make, I can spend a little more on wraps and sandwiches. Also only sixth formers have the ability to go to the station during lunch so not many students will be able to get Sainsbury's food anyway.

Canteen

The canteen is another main competitor for me because it has convenience for the students at Hayes.