

## Setting Up a Business

### Introduction

The business I am starting up is a pizza take away business it will be called 'Plant Pizza'. I have decided to become a sole trader. I chose to be a sole trader because I have unlimited liability, I will have complete control of the business and I will be totally responsible for its success or its failure. It is also simple and inexpensive to set up my business as a sole trader. I get to keep all the profits, although I realise I must save enough money to pay taxes, VAT, and interest on loans. Some of the losses made in my first year may be offset, or balanced against money I have paid earlier in the same financial year towards tax. Also if one part of my business is not profitable I can quickly change to something else profitable. Some of the disadvantages of being a sole trader are because I have unlimited liability I will be responsible for everything including any debts to may occur. There is a very high risk of my business being a failure as there may be and usually is great competition from other business in the area. It will be difficult to raise capital, but now days the government does make this easier. Because I am a sole trader I am by my self so I can only do a limited amount of work which will slow down the growth of my business.

Two differences of running a business as a sole proprietor compared to running a business as a partnership are:

1. There is unlimited liability because if anything goes wrong two or more people are responsible whereas as a sole trader only one person is responsible leaving all debts and also all profits to one person.
2. Splits may occur between partners because both or more partners have a say in the way the firm is run, and one partner may have resentment that one partner is not doing there share of the work.
3. Aim to earn as much capital as possible in my first year of trading.

My business is based inside Victoria Train Station; it is an ideal place because there are thousands of people that pass through the station every day, but in the same area there are two other rival businesses, they are called 'The Pizza Factory' and 'Express Pizza'.

Plan

Date

What I plan to do

Successful?

9/1/4

I will be starting my introduction to explain who I am, what type of business I have, where I am

Yes

14 - 15/1/4

Explain the aims of my business and the constraints that I will face

Yes

16 - 21/1/4

I will be conducting my market research which includes my questionnaires and making the results into pie-charts

Yes

28 - 30/1/4

I will be looking through, choosing and writing about the methods of advertising including each advantage and disadvantage

Yes

4 - 13/2/4

I will go through everything so far that has been done, see if anything has to be improved or changed

Yes

18 - 27/2/4

I will write up my conclusion and bibliography which is the end to my coursework

Yes

24 - 29/2/4

Touch-ups, contents page and title page

Yes

Aims of my business

In my business, one of my aims is to make a turnover of at least £100,000 in the first year of trading. But after two years owning my own business I would like to have made a profit of at least £30,000. I chose to set my profit target for after two years of trading because it is hard to get established after the first year of trading. I also hope to expand my business after 5 years of trading. I hope to have at least one more business up and running. What I also need to work on is getting myself a good reputation so that I will attract customers. I also want to increase my market share.

Constraints faced

One of the constraints that I face is that for my advertising my budget is only £5000 which is not much for the advertising for my new business. I have chosen to advertise using 16 escalator panels for one month at £65 per panel. I have chosen to get 100,000 flyers which cost's £1790, the back of 2 buses for 4 months at £945 per bus. All the other competitive businesses are established and have brand loyalty from their customers. The Trade Descriptions Act (1968) prevents me from giving a false or misleading descriptions of my goods and service, which means I can check on what the other local businesses are offering (knowing that what they are offering is truthful) and try to offer better. I also face social costs and benefits, social costs are my private cost + external costs = social costs, social benefits are my private benefits + external benefits = social benefits. I am also aware that I have to decide on what measures I will take to protect the environment. I will sell drinks in aluminium cans instead of polystyrene or plastic cups because they are not bio-degradable and if burnt release poisonous gasses which harm the environment, also not to use glass bottles because they are dangerous and if shatter can cause a danger to children and to tyres. I will also place litter bins in and outside the shop to prevent litter around the local area, I will also make sure staff collect rubbish as part of their job to help clean up the environment.

Market Research

I have enclosed a questionnaire which I used to obtain data about what

prospective customers like and dislike, where they are most likely to see adverts.

The advantages of displaying my results in a table are that I can give accurate results and figures but tables can sometimes be hard and unattractive to read unlike pie-charts or bar-charts. Using pie or bar-charts which are colourful attract the customer's attention to the information, but sometimes the information on pie and bar-charts don't have the accurate information unlike tables.

Methods available for advertising

London Bus: The advantage of advertising on a London bus is that it will be seen by a lot of people and the offer for advertising on the back of a bus is really good, for £945 you can advertise on the back of one bus for 4 months which is not expensive for the amount of times your advertisement will be seen. But the disadvantage of this kind of advertising is that my shop is in one place and the bus goes to a variety of places, which is inconvenient.

Underground: on the underground there are a few advertising possibilities including; a tube panel and escalator panel, all the escalator panels and a platform poster, all of these are great because my business is in a train station and it is a perfect place to have the advertisement for my business but it is expensive to advertise using all of the escalator panels at £8000 pcm. But every other means of advertising on the underground are ideal and within the budget.

Television: TV is totally the wrong way to advertise my business because the advert will be shown all over the country and I only have one shop so it won't be very relevant. Because people would not travel from e.g. Manchester just to come to Victoria and have my pizza. Television is too expensive as well, to advertise on prime time ITV for 30 seconds is £35,000. This is 6 times over my budget.

Radio: Advertising on the radio is not for my business because it is too wide a range of listener's and that is the same problem as the television. The radio is not too expensive but I do not want to advertise on it because it is not ideal for my business.

National Newspapers and Magazines: Both of these types of media are too wide a range for me because people all over the country will see these media types. Some of the advertising costs in the national papers are a lot but some are affordable. But in the end I decided not to use these media types for my advertisements.

Local Papers: These kinds of papers are almost ideal to advertise in because they are local to where my business is and also they reach the local community but I have chosen not to use local papers because some of the papers cost a lot to advertise in, and because my budget is only £5000 I have limited advertising methods that are available to me.

Flyers: Flyers are ideal for my business because they can be distributed with the minimum amount of effort and reach thousands of people. I chose to buy 100,000 flyers at a cost of £1790. This is a great way of advertising because I get so many flyers for a reasonable price, and because my business is in a train station people will not hang around to pick up information so if there are leaflets they are easy to take and carry on with their journey with the minimum amount of fuss. So this is ideal

Billboards & Websites: I decided not to use billboards because they are quite frankly too expensive at £20,000 per poster. This is far too much for my £5000 budget. I have chosen not to use websites because I would like my business to be expanded before I start to use advertising methods like websites.

Method of advertising chosen

Cost

Budget Remaining

Escalator panels x 16

£1040

£3960

100,000 Flyers

£1790

£2170

2 buses for 4 months

£1890

£280

Total

£4720

£280

## Conclusion

The reason I chose the methods of advertising that are in the table are; escalator panels are great for my advertising because my business is based in a national train station, so thousands of people will go past the adverts every day so I will be bound to get quite a few people to see my business's advertisements. The flyers are good because people are in a hurry at the train station so if they can grab a leaflet and then carry on with their journey they won't get in too much bother and handing out a leaflet flyer takes about a second for someone to take so we won't be taking up their time. The reason I chose two buses is because my business is based at Victoria station and if I put the adverts on the back of two buses that terminate at Victoria, hundreds of people who are passing through the station will see the adverts on the back of the bus and also people who are getting on the bus to go to Victoria will see it and know they can grab a bite to eat on their way home or to work. So all three advertising choices I made are good for my business and they are all within my budget. I have not had to take some types of the advertising off because of the money problem because I had £5000 to spend and in the end after I chose the three advertising methods I was left with £280, this is fine, because I can save this money and use it along with other money I make to carry on advertising after the current advertising contracts expire. So overall I think I made good decisions for the [future](#) of my business.

## Bibliography

For my business coursework I used multiple types of data, I used:

- A business studies GCSE text book by Renee Huggett.
- Information sheets provided by teachers on the different advertising methods and their costs.
- I used the internet to try and find pictures of Victoria Station so that I could show on a map where I am based, but this search was unsuccessful.
- I used random sampler in the way that they contributed to my

questionnaire by filling them out.

- I used my teacher for general queries about my work
- I used an A-Level Business Studies text book by John Brand