

The Business Plan

1. Introduction

This portfolio work will enable me to learn how to set up a business. And we have to do many things to set it up. And I want to set a tuck shop in the boarding house which is near the school and what I have to do is get the tuck shop started. I also have to write a business plan for it to make sure that I know what is I doing. A business plan will also allow me to minimize risks of failure; failure can be very costly to a business. I set it up because the boarders in the house always go to the supermarket in MP .If I haven't written a business plan it will be an increase in risks and decrease in success in rate.

2. My business

In the school, the student will get pressure from their studies. so by having some food and drinks to let them relax.. that's why tuck shops are very popular in school even in boarding house. From the result of my questionnaires I got over 50% boarders from the boarding house said they strongly advise to open a tuck shop in the boarding house. So I become confident of the demand of the house.

The man of my tuck shop called "Come On". This type of business will be sole trader. This business only owned by me and I need to face "Unlimited liability" which means I face all the business risk and has to find all the capital to start the business. We will be selling many product including ice cream. "Come On" also selling smile and friendly services for free to customers.

3. Methodology

In my investigation of can I start a tuck shop in the boarding house? I have done massive amounts of research. First thing I have done is primary

research so that I wrote printed and handed out 30 questionnaires each contain 10 questions. I handed out 30 questionnaires so that my result will not be affected by bias, whereas if I only hand out 10 questionnaires bias will be the problems for me in the questionnaires.

I also have been research in the internet about the machinery of the tuck shop and I look the newsagent for the price what are they selling then compare to my price so I can confirm that my price will be cheaper than them so the people in the boarding house will buy the sweet in the house not outside in the newsagent.

4. Marketing Strategies

Market strategies are helping the firm to achieve their marketing plans and targets. The marketing strategies will be used in order to make the tuck shop be successful will be the **4P's**. These are :

- | | | |
|--------------|---|---|
| 1. Price | } | These 4P's tell the business that they must sell the right product at a price customers are willing to pay, in the right place and inform consumers that it will be available through promotion . |
| 2. Product | | |
| 3. Promotion | | |
| 4. Place | | |

Product----- "Come on" will have a huge range product such as: soft drink, chocolates, ice cream, crisps etc. The idea of selling ice cream is because ice cream can give "Come on" a competitive advantage. Because in many newsagents are not selling ice cream. So there will be a gap in the market which is known as market niche but from my result of my questionnaire, 60% people said they are very like; 27% people said they like ice cream is selling in the tuck shop. The food sold in my tuck shop is segment for the correct age group in the boarding house e.g. teenagers are from 11-17 are most likely to buy this thing. This is known as Market segmentation---- this is the division of the tuck shop according to different types of customer, in order to meet people's needs. The tuck shop could

introduce a new product and fill a gap in the market, which is also known as a Market Niche.

Price----If the price that is set for the products is too high then it is easier to lower them than it is to raise them. Demand changes towards price, which is called 'price elasticity'. Fortunately the competition is weak in the house. There is only a little tuck shop which only sells several products with high prices. In this case, I considered the competition in the house. Therefore I can keep the price high and obtain large profit margin. From this point the pricing strategy that will be Cost plus pricing, this is when the firm calculates and adds a percentage mark-up to determine the price. The percentage mark-up = profit. From the results of the questionnaire, 64% of respondents said that keeping prices low is important (See Appendix 1.10). So from this point "Have A Break" will decide on a suitable price by decreasing certain percent (But the price will be just a little lower) to satisfy consumers needs and wants.

E.g. From my observations of my competitor analysis I have found that the competitors charge around 35p for a packet of Walkers crisps. But I will only charge 20p-30p.

Eventually all the prices I decided are neither more nor less for most customers (See Appendix 1.4). Therefore I feel that if "Have A Break" has the low prices in the house, and we wouldn't be making a great amount of loss because the demand and supply will not be very low.

Place--- The tuck shop will be located in a phone room inside the house (see Appendix 7) because 67% of students would like it in this location. "Have A Break" will be open in the lunch time and evening, because there are several rules for the boarding house which not allow boarder return to the house in school time. This limits the open time for my tuck shop. So to satisfy consumer needs and also not against the house management system the tuck shop will be open twice a day 7 days a week. The best time will be afternoon (1PM-5PM) and evening (7PM-9PM). (See Appendix 1.2) The Unique Selling Point (USP) of the tuck shop will be the ice creams that will be sold. In the summer the net profit margin will be raised because there will be an increase in demand for cooler eating products, a raise in sales means a raise in profits! But in winter, they only make a loss to my business, so I decided to pause this service in winter which means I can avoid this loss.

Promotion----The methods of promotion are important because it projects a specific image to the target market. The method that will be used is 'special offers' (see Appendix 2) as 70% of respondents would prefer this method. Using this method, it will make the tuck shop more popular amongst the students because new customers will be coming to try out free foods. To promote the tuck shop even more, posters could be used ,23% of students did say that this would catch their attention (see Appendix 1.10), this idea will hopefully attract new customers.

By using this Marketing Mix I will hope to achieve a successful tuck shop and achieve the aims I have set myself so far.

5. Business Finance

Balance Sheet---The balance sheet will show what the business owns and what it owes and it's a legally required document too. Balance sheet displays the business assets (where money is spent) and liabilities (where the money has come from). The payment for business assets, such as the purchase of a new delivery vehicle or a new machine, are referred to as capital expenditure. There are two main ways of drawing up the balance sheet.

1. T-Form Balance Sheet

The balance sheet has all the assets in one column and all liabilities in another. (See Appendix 3) In this balance sheet the total value of the assets and the total value of the liabilities will be BALANCED.

2. Vertical Balance Sheet

This balance sheet uses exactly the same figures as the T -form balance sheet, but organizes the data in a different way, which allows accountants to assess the financial health of the company. (See Appendix 4)



Profit And Loss Account---A profit and loss account shows all of a firm's revenues and costs over a period of time, usually one year. But I won't be selling ice cream in winter, so the profit will change. For my special case, I would like to produce a monthly profit and loss account which can be more accurate. (See Appendix 5).

Breakeven Graph---It is important for any business to have a clear picture of how output and sales will affect profit or loss. In particular, it is significant to know the level of sales necessary to avoid any loss. This is

called the **breakeven point** (the point that Turnover line cross Total Costs line) A breakeven chart is produced in a business because it shows the level of sales required to cover all the costs. When a business 'breaks even' their total sales revenue equals their total cost (TR=TC) Fig.1 is the break -even chart for my tuck shop (See Appendix 6). I found the break -even output product is 600 items. Therefore Have A Break will need to sell 600 items per month in order to break even.

Sources Of Finances---All businesses want to invest form time to time. When most of entrepreneurs set up their own businesses, they need to obtain certain amount of money. This money can be obtained from internal or external sources of finance. For Detail see Appendix 9
 To conclude the financial section of my business plan I will be using internal and external sources of finance. The internal finance will come from my own savings, which will be £300 and the external source of finance will be obtained by bank which will be £1000 in total (Long term: £500, Short term: £500)

Product:

<input type="checkbox"/> Picture	Include in list	sort	Qty.
	<input checked="" type="checkbox"/>		?nbsp;0.99 + <input type="text" value="1"/> - <input type="button" value="buy"/>
	<input checked="" type="checkbox"/>		?nbsp;0.99 + <input type="text" value="1"/> - <input type="button" value="buy"/>

	Wrigley's Airwaves 5 x 10 Pieces Menthol & Eucalyptus Chewing Gum	?nbsp;1.59 + <input type="text" value="1"/> -	
	Wrigley's Extra 5 x 10 Pieces Sugarfree Peppermint Chewing Gum	?nbsp;1.29 + <input type="text" value="1"/> -	
	Wrigley's Extra 5 x 10 Pieces Sugarfree Spearmint Chewing Gum	?nbsp;1.29 + <input type="text" value="1"/> -	

6. Evaluation

I feel that the opening of the tuck shop is a very good idea. I think the students of the house will be supportive of the house tuck shop and will purchase goods from the tuck shop, I know this because of the findings of my research.

Arguments which might be put against the tuck shop:

People might say:

‘There are many other places near house to buy food from, so why Have A Break?’

‘How do we know that Have A Break will keep their prices low?’

‘How do we know that we can trust your workforce?’

Arguments that might be put for the tuck shop are:

‘The house need more places where students sell the food and which means there is more of a customer and student relationship’

‘The house needs more places where they satisfy consumer needs and wants.’

‘Prices in the house need to be kept low and introducing a new tuck shop will be able to do this.’

Further information that I would like to have so that it will help me to decide whether opening a new tuck shop is a good idea is:

What will future trends be like? These are factors like:

How will the school size change over the years?

Economic situations

Social attitudes

Price list

Name	Price (£)
Diet Coke(caffeine free)	0.45
Diet Coke	0.45
Pepsi Max	0.45
Dr Pepper	0.45
Fanta Fruit Twist	0.45
Fanta Ice Lemond	0.45
Walkers Crisps	0.30
Walkers Favourites Mixed Crisps & Snack	0.30
Walkers Favourites Mixed Crisps	0.30
Walkers Ready Salted Crisps	0.30

Walkers Square	0.35
KitKat Finger Bar	0.45
Maltesers pack	0.50
Cadbury's Flake	0.45
Cadbury's Twirl Twin Packs	0.45
Toblerone bar	0.45
Ice-cream cone with Vanllia	0.45
Ice-cream cone with Chocolate	0.45
Ice-cream cone with Strawberry	0.45
All the product information See Appendix B	

Questionnaires

1. Would you like a tuck shop being set up in the house?

Dislike Don't mind Like Quite Like
2. When would you like the tuck shop to be open?

Morning Afternoon (include Lunchtime) Evening
3. Would you like ice cream are sold in tuck shop?

Dislike Don't mind Like Quite Like
4. What do you think the price after read our price list?

Very Fine Cheap Expensive Expensive

5. Where do you think is the best location for the tuck shop?

Duty Room Kitchen Common Room Phone Room

6. How many packs of crisps do you usually buy a week in average?

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 15+

7. How many cans of drinks do you usually buy a week in average?

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 15+

8. How many packs of chocolate do you usually buy a week in average?

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 15+

9. How many cones of ice cream will you buy in summer in average?

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 15+

10. Which aspect of our tuck shop is the most important in your mind?

Lowest price High quality product Place
More product types Promotion

Questionnaires Marks

Question	Crisps Demand	Drinks Demand	Chocolate Demand	Ice cream Demand
Marks	3	5	1	3
	9	5	5	5
	5	5	3	5
	2	2	1	2
	7	2	3	8
	2	5	2	5
	4	4	3	4
	5	4	1	4
	2	3	2	5
	1	3	3	5
	5	3	4	6
	4	4	5	6
	3	4	2	3
	5	4	2	7
	4	5	3	5
	3	5	3	5
	3	3	3	5
	2	2	4	3
	2	2	2	4
	4	2	1	5
	3	4	2	5
	3	6	3	5
	1	5	3	4
	2	4	1	3
	4	4	4	3
	5	3	4	3
	5	3	5	4
	7	4	6	2
	7	4	2	2
	6	2	2	1

Total Mark	118	111	85	127
Average Mark	4.00	3.50	3.00	4.00

Question	Set up	Open hour	Ice cream	Price	Location
	16/Choice 3	17/Choice 3	14/Choice 4	23/Choice3	20/Choice 4
	9/Choice 4	15/Choice 2	9/Choice 3	4/Choice 2	7/Choice 3
	5/Choice 2		5/Choice 2	3/Choice 3	3/Choice 2
			2/Choice 1		

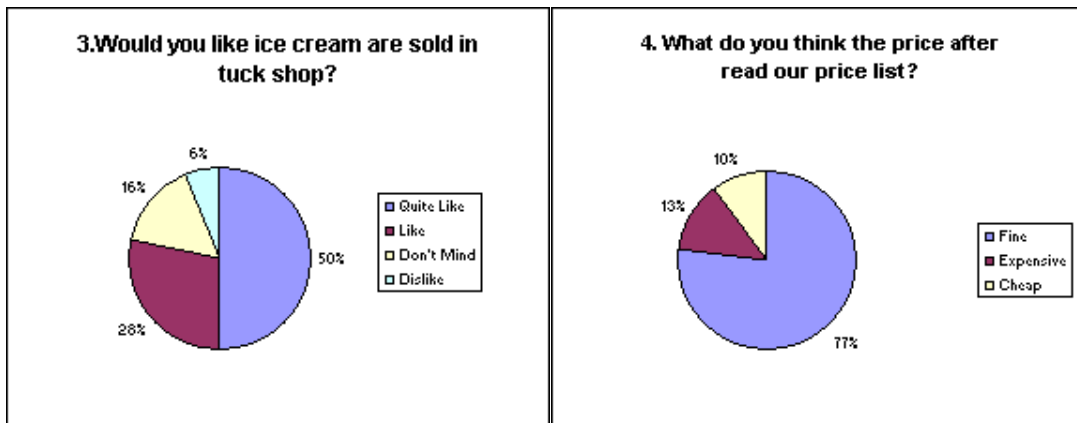
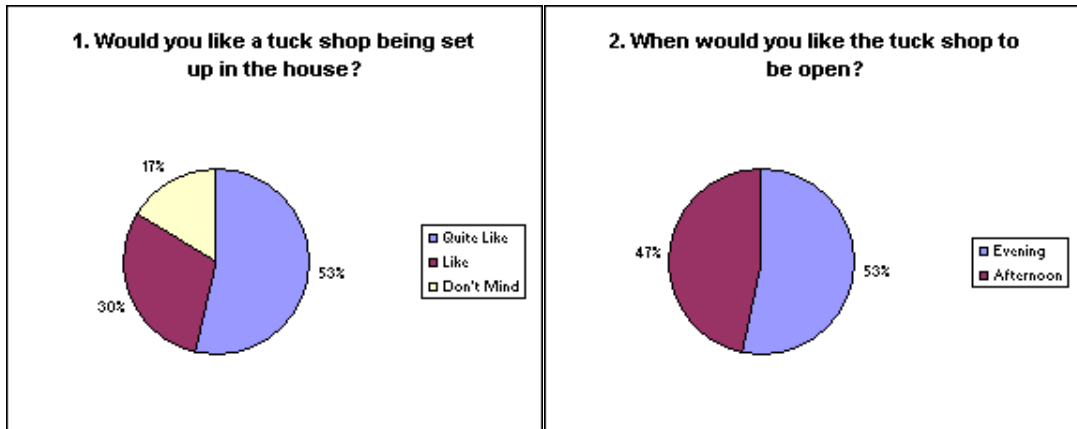
Quite Like	16 Evening	17 Fine	23
Like	9 Afternoon	15 Expensive	4
Don't Mind	5	Cheap	3
Dislike	2		

Phone Room	20
Common Room	7
Kitchen	3

Lowest price	19
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High quality	4
Promotion	7
Place	0
More product type	0

APPENDIX 1



APPENDIX C

Product	No. of people	product/week	Demand Quantity
Crisps	40	4	160
Drinks	40	3.5	140
Chocolate	40	3	120
Ice-cream	40	4	160



See Questionnaires Mark

Product/week: the average demand quantity of this product for one person per week

Demand Quantity: the total demand of this product for the boarding house(40people) per week

Product	Total Quantity/week	TQ/month	Product types	Product demand per type/month
Crisps	160	640	6	<u>107</u>
Drinks	140	560	5	<u>112</u>
Chocolate	120	480	5	<u>96</u>
Ice-cream	160	640	3	<u>213</u>

APPENDIX 3

T-Form Balance Sheet

	£	£		£	£
Shareholder's Funds			Assets:		
Share Captials		300	Fixed Assets		

Retained Profit	0	Premise	0
		300 Machinery	429
			429
Liabilities:		Current Assets:	
Long term loans	500	Stock	638
Short term loans	500	Cash	233
		1000	871
		1300	1300

APPENDIX 4

Vertical Balance Sheet

	£	£
<u>Assets:</u>		
<u>Fixed Assets:</u>		429
<u>Current Assets:</u>		
Stock	638	
Cash	233	
		871
<u>Total Assets</u>		1300
 <u>Liabilities:</u>		
<u>Current Liabilities:</u>		
Short Term Loans	500	
<u>Working Capital</u>		371
<u>Total Assets Minus Current Liabilities</u>		800
<u>Long Term Liabilities</u>		
Long Term Loans	500	
 <u>Shareholders Funds:</u>		
<u>Share Capital</u>		300
<u>Retained Profit</u>		0
<u>Capital Employed</u>		800

"Have a brake" Profit and Loss Account/Month

	£	
<i>Turnover</i>	977	}

		Calculation
<i>Cost of sales</i>	(638)	See Appendix A
<i>Gross Profit</i>	339	
<i>Fixed Cost</i>	(80)	Electricity £40/month  Rent£1.25/day (See the copy of Email)
<i>Net Profit</i>	259	
<i>Net Interest(payable)/receivable</i>	(100)	(See the Loans interest rate table from HSBC)
<i>Profit before taxation</i>	159	
<i>Tax</i>	(8)	5% per month
<i>Loss/Profit for final month</i>	151	