

Unit 2: Enterprise and Operations

Introduction

This project requires me to produce an imaginary business. To do this I must research into all aspects of a business, using books, people, and computer resources.

My business venture that I am going to set up will be a phone shop and it will be called Kash Mobile. In my shop I will be selling different range of phones. I believe my business will be successful if I choose a good location for it and to do that I will be carrying a research on it later on.

Aim

The aim of “Kash Mobile” will be to be able to compete with other companies in the local area, provide high quality service to the public to make more customers, and then it will be to make profit and for the first year survive to make my business well established business.

Market Environment

I think the location where I am opening my business; people will be able to afford enough money to spend on my business. I have chosen a location for my business,

where there aren't enough mobile phone shops and I will not have to worry about competitors.

Potential Competition

As I mentioned before there aren't enough mobile phone shops on the location where I have chosen my business to be, so there will not be much competitions. In order to make good money I will have to find a suitable area and make the start off price cheaper then slowly increase them as the business gets attracted to more customers. To attract the customers I will be giving out special offers and I will try to give customers a good service.

Source of Finance

Because my business is partnership we about £15000 to rent the shop which I will pay monthly and to buy the products we need about £23000 so to run my business we will need about £38000 in total. I have saved about £20000 which I will be putting it on my business and rest of the money half will come from my business partner and half loan from the bank.

What is loan?

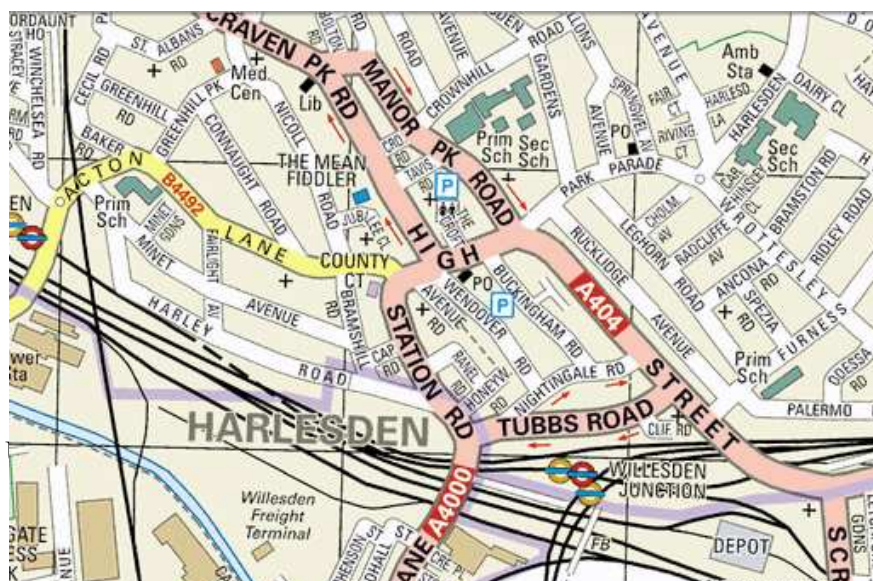
A loan is a type of debt. The borrower initially does receive an amount of money from the lender, which they pay back, usually but not always in regular installments, to the lender. This service is generally provided at a cost, referred to as interest on the debt. A loan is of the annuity type if the amount paid periodically (for paying off and interest together) is fixed.

Potential Customer

My potential customer is people who are in need of a mobile phone and who are willing to spend money. I will be targeting people age around 12+. To catch my customer's attraction I will have to give special offers and discounts sometimes so they can visit back. I will advertise through leaflets which are because it is one of the cheapest ways to let others know about my business.

Location

the location that I have chosen for my business will be in Harlesden. I have chosen this location because it's a very crowded area and according to my research result people want more phones shops in Harlesden due to lack of phone shops in Harlesden. Also I chose this location because there aren't enough mobile shops and I will not have to worry about any competitions. My shop will be located in the station road in front of the bus stop and a tube station behind it so there won't be any difficulties in



finding
it,

From what I already know about partnership and sole trader I decided to make my business a partnership, because I will not be able to get enough money to run my business. Having a partner in my business will be very useful because if my business is in loss I and my business partner can put money together to save our business from loss. I didn't choose sole trader because as I wouldn't be able to get enough money for my business and because I will be new to business people might not trust my services.

Market Research

I am going to do a research to find out who wants to buy my product. This will help me find out what a customer wants, and then giving them that. The aim of my research is to predict what the customer wants in the future; I will be carrying out the research by doing a questionnaire and asking a random group of people. There are two types of research; Primary research and secondary research.

Primary research is when a business does its own research, i will be doing a questionnaire asking random people in Harlesden.

Questionnaire

What gender are you?

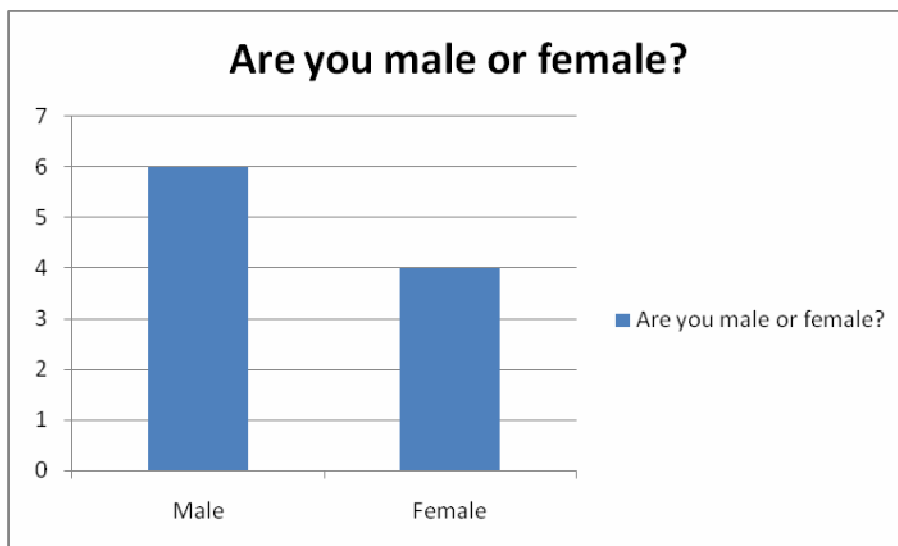
How often do you buy a new mobile phone?

Do you shop in the local area?

Where do you buy your Mobile phone from?

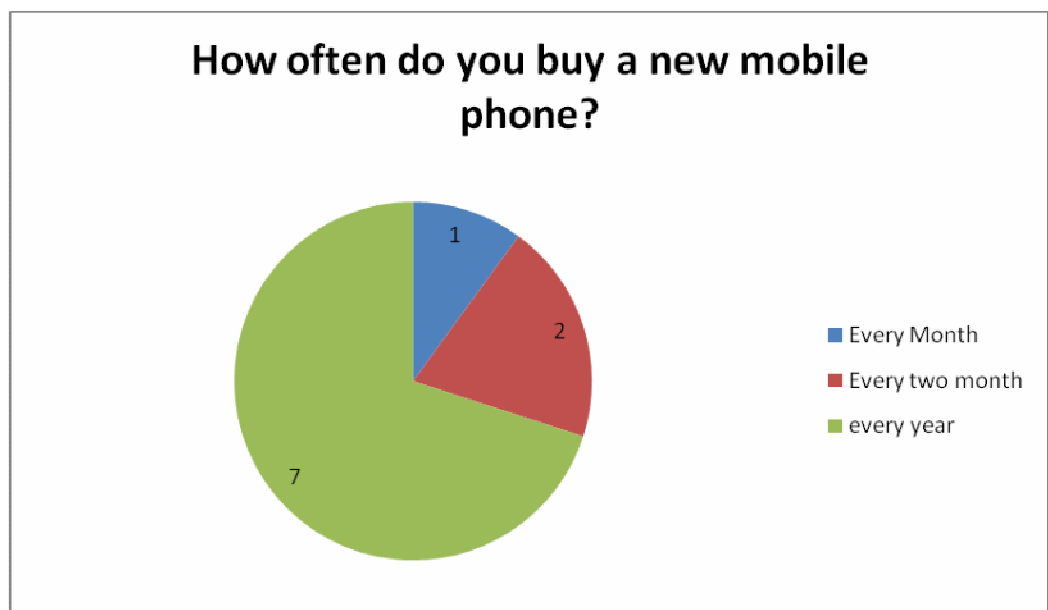
Do you think there should be more phone shops in your area?

Results



The above bar chart shows the gender of the people

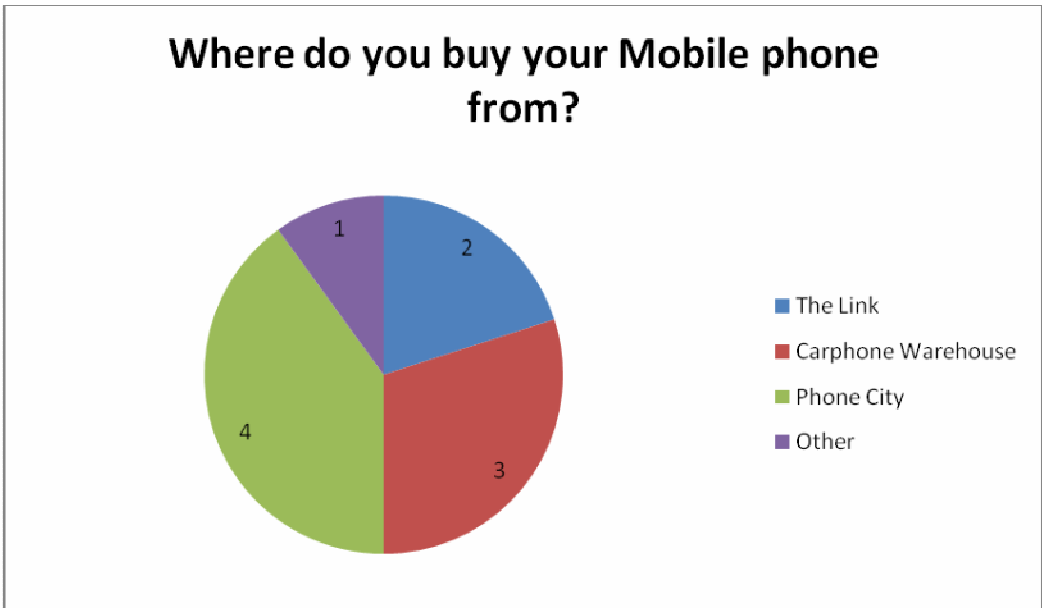
that I asked.



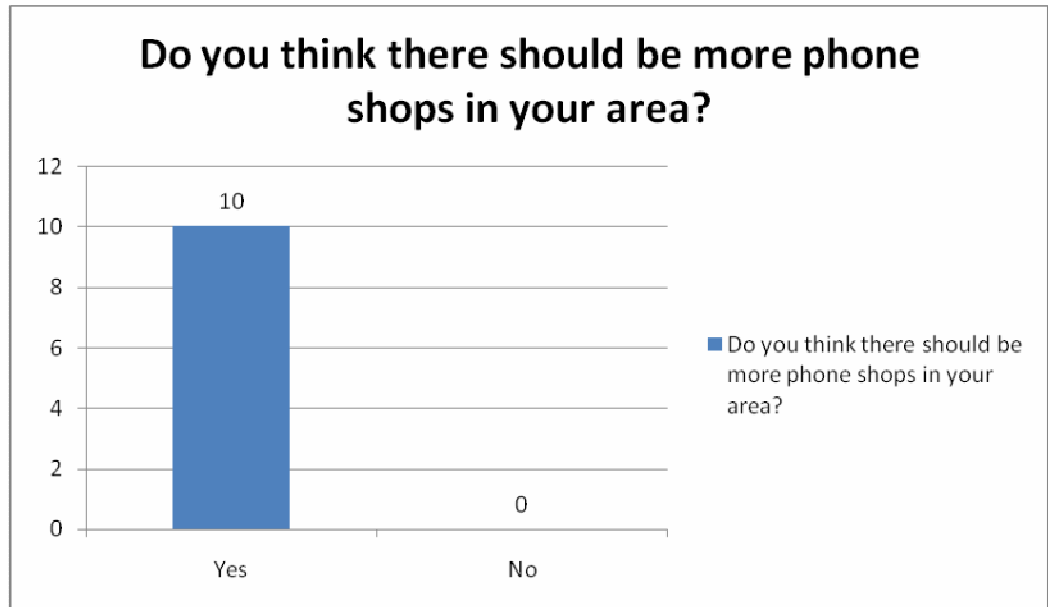
The above pie chart shows how often the groups of people that I asked the questionnaire buy a new mobile phone. Mostly people buy new phones ever year, the reason was because they buy as a contract.



According to my result most people shop in their local area.



The pie chart shows most people buy phones from car phone warehouse and phone city.



When I asked the question that if they want a new phone shop in their area everyone answer was positive.

Promotion

To promote any business there are several of ways can be used to advertise e-g, through newspapers, TV.

To promote our business we will be advertising through leaflets and we also will be running our own online website where customers can order the product online

Umar Abbasi

and find out information on my products.

How my advert of my business will look like in a leaflet

| |
|---|
| <p style="text-align: center;">KASH MOBILES New in Town</p> <p>Address 34 High Road Harlesden HA7 USB</p> <p>15% discount if shopped over £300</p> |
|---|

Sole Trader

Sole trader is a business that is owned by one person. A person who's the sole trader owner and manager of a business is called a sole trader

Sole trader are common in business that are simple to run and don't need many workers. A sole trader may employ other people, but owner takes all the decisions. Sole trader ships are the most common type of business in the UK. It's normal to find that plumbers, decorate, hairdresser, shop owner and even writers set up as sole trader. The sole trader keeps all the profit (if it makes any). Many sole traders feel they are rewarded for working long hours.

Sole trader do not need large amount of money to start trading it may not be necessary to borrow large amount to start the business. Example internet cafe.

Partnership

Partnership has more than two owners known as partner. The partners normally all contribute to establish the business and they take a share of the profits. Partnership is very common on the professions such as among accountants, doctors and estate agents. The amount of

capital put in by each partner. a solicitor draws up a document called a deed of partnership this states.

- The share of profit each should receive
 - How decisions will be taken
 - How arguments between partners might be settled
- deed of partnership is an arrangement for running a partnership.

Private limited

In the United Kingdom two type of companies exist. Private and public. All private limited companies have the word limited or ltd after their name features.

- Tend to be relatively small
- Share holders and directors are often the same people
- Cannot sell their share on stock exchange shares sold to founders, relatives and friends, example family business are often run as private company more famous examples of private companies include the virgin group. Example cricket clubs.

Public Limited companies

In the United Kingdom two types of companies exist. Private and public. Public limited companies have the letter PLC after their company name features.

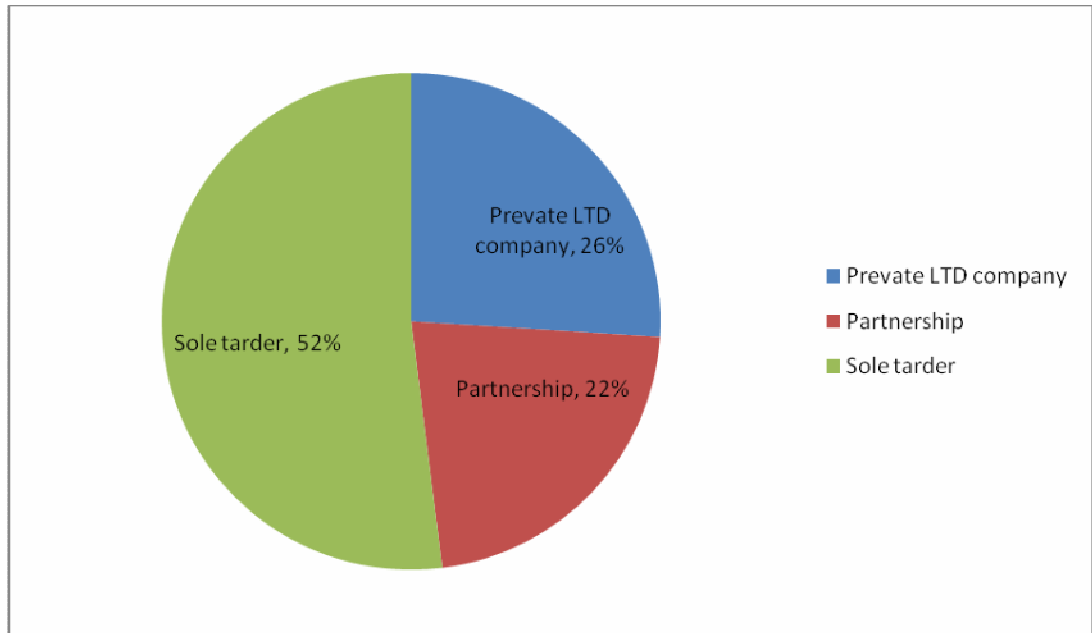
- Much larger than most PLC
- Founders of company lose control
- Can advertise their share freely
- Shares sold on the stock exchange

Franchises

Franchise is an agreement by which the owner of a business idea gives others individuals or groups. The right to trade using its name of idea franchise are common in many industries including public houses, shops, fast food, outlets, franchise is not a type of a business organisation it is a way of a managing expanding a business the type of business ownership chosen to operate a franchise will depend on

- The amount of capital need.
- The number of people starting the franchise.
- The share profits each should receive
- How decision will take place

- How arguments between partners might be settled
deed of partnership is an arrangement for running a partnership.



The pie chart shows the types of business ownership in % of franchise in the UK.

Co-operatives

Co-operatives are owned by their members, Co-operatives members contribute to the capital of the business and share any profits that are made. The key features of a Co-operatives society are

- It has limited liability protection

- Shares can only be bought from or sold to the society
- Individuals who purchase shares in a co-operatives are called members
- Co-operatives are democratic each member is permitted one vote regardless of the size of his/her share holding.

Retail Co-operatives

Most towns and cities in the UK have retail Co-operatives whose members include the customers.

The heart of England Co-operatives society has 1000 employs working in 11 supermarkets and 24 smaller stores in Coventry and elsewhere in warwideshire the society has invested in opening new stores and has other. The society also provides travel centres, funeral services and post office.

Co-operatives retail society's pas their profits on to members by

1. Offering stamps that can be exchanged for products or money

2. Paying interest to members on their shares. Example
supermarket

My Business Swot Analysis

Umar Abbasi

I am going to complete a SWOT analysis for my business and one for any competition. A Swot analysis looks at the business strength, weakness, Opportunities and threats.

Strengths

my strength of my business will be that I will be selling cheap phones and Customer service will be good enough to satisfy my customers.

Weaknesses

Because I asked a small group of people and the results might not be accurate and can get my business to loss. If my business goes in loss I will have to pay back the loan.

Opportunities

The location where my business is there aren't enough mobile phone shops I will have a opportunity to give my customers good service and make my business to the top.

Threats

My biggest threat will be other mobile phone shops around the area.

My Competitive Swot Analysis

Strengths

I will have good service, as well as more attractive; I will also allow discounts for students and have cheap/affordable prices.

Weaknesses

When I am competition with other business therefore my business may not success and therefore I will have to try and do better for my business.

Opportunities

If my business goes down I will be able to get my business back running by advertising on TV, newspaper, magazines etc.

Threats

Less economy/profit may affect my business.

CASH FLOW FORECAST

I am going to create a cash flow cast for the first 4 weeks.

Umar Abbasi

| | Trading Preparation | WEEK ONE | WEEK TWO | WEEK THREE | WEEK FOUR |
|---------------------------------|------------------------|-------------|-------------|---------------|--------------|
| INCOME | | | | | |
| Capital | £30000 | | | | |
| Bank Loan | £8000 | | | | |
| Sales | | £1224 | £1224 | £1224 | £2222 |
| Total Income | £38000 | £1224 | £1224 | £1224 | £2222 |
| Equipment (Mobile Phones) | £5000 | £5000 | £5000 | £5000 | £5000 |
| Advertisement | £300 | | | £150 | |
| Insurance | £30 | | | | |
| Loan Repayments | £225 | | | | |
| Rent (weekly) | £380 | £380 | £380 | £380 | £380 |
| Total | £5905 | £5380 | £5380 | £5530 | £5380 |

Profit and Loss Account

The profit and loss account is a report of the company's profit on the sale of their goods or the provision of their services over a trading period. Normally one year.

| | £ | £ |
|--------------------------|----------|----------|
| Sales | | £2565 |
| Products (Mobile Phones) | £1094,35 | |
| Gross Profit | | £1470.65 |
| Less Expensive | | |
| Loan Repayments | £100 | |
| Advertising | £225 | |
| Insurance | £30 | |
| Rent | £180 | |
| Total Expenses | | £535 |
| Net Profit | | £935.65 |
| Less wages | | £2016 |
| Net Loss | | £1080.35 |

How to record payments from customers

I will use a receipt which helps me records payments from customers,

Example of a receipt is shown below.

Umar Abbasi

Tele No: 020897676832

Address
34 High Road
Harlesden
HA7 USB

Email:

Umar Abbasi

CASH RECEIPT

Date:

Receipt No:

Customer Details

| Details | Amount (£) |
|---------|------------|
| | |
| | |
| | |

Subtotal:

VAT:

TOTAL