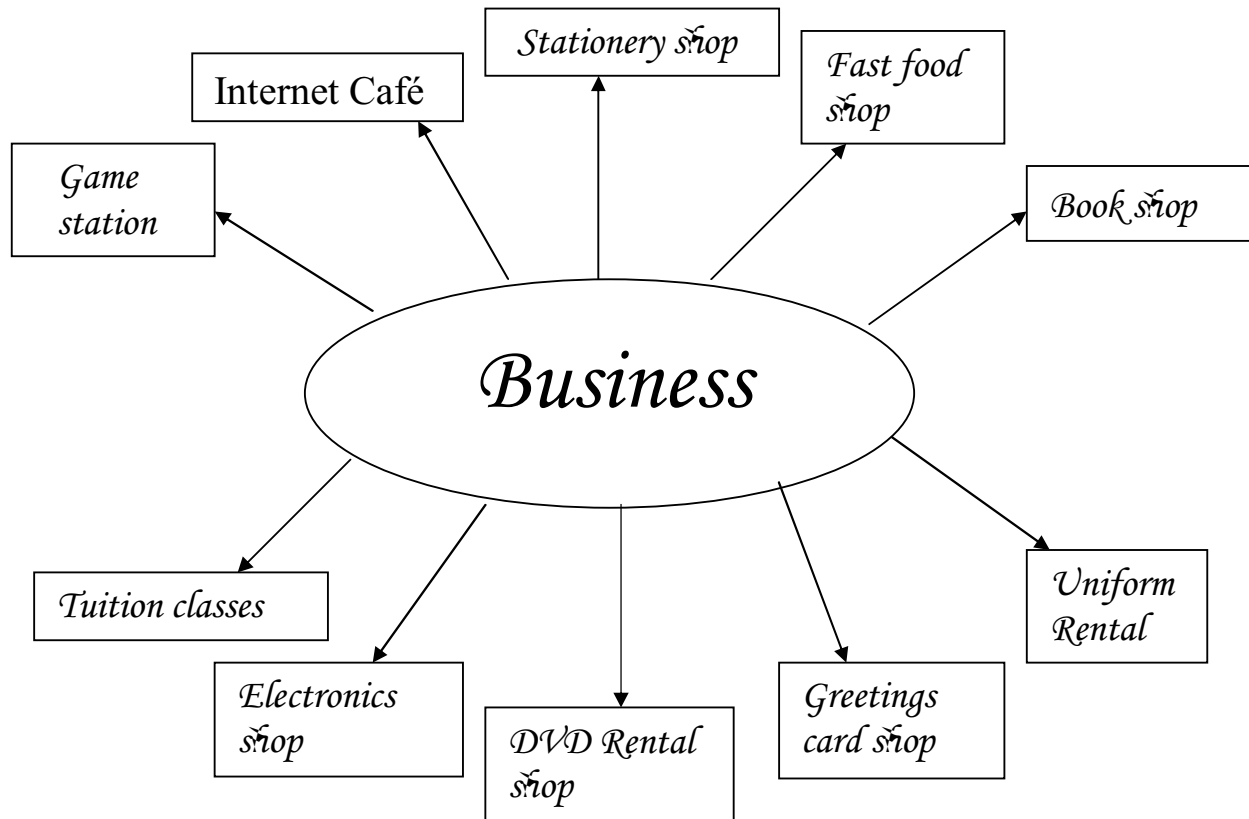


Business In School



Four favourite ideas

Internet Café

Game station

Tuition classes

DVD rental shop

Final idea

Game station

I have chosen to have a Game station because I have lots of games and I know a lot about them. Also my uncle has a game shop so I can get ideas of him.

Task 2- Legal forms

(1) Sole Trader

A person who runs the business on his own also gets to keep proprietor of business. Sole traders are normally small businesses, and by becoming a sole trader you risk lots of things, which makes you unlimitedly liable this means if your business is not going well the government can take away almost everything from you; your house, your car etc, all your goods and valuable things and invaluable, the owner has to pay for any losses made by the business. For example if you made a loss of say £5000 you would have to find some way of paying back this may mean selling your house your car anything. A sole trader runs an unincorporated business on his/her own. Sole traders are also otherwise known as sole proprietors. Sole traders are easy to set up. They can set up a business immediately. The sole trader structure is the most straightforward option. The individual is taxed under the Inland Revenue's Self-Assessment system, with income tax calculated after deduction for legitimate business expenses and personal allowances. A sole trader is personally liable for the debts of the business, but also owns all the profits.

(2) Partnership

a partnership is an association of two or more people formed for the purpose of carrying on a business. Partnerships are governed by the Partnership. Unlike an incorporated company, a partnership does not have a "legal personality" of its own. Therefore the Partners are liable for any debts of the business.

Partner liability can take several forms. General Partners (the usual situation) are fully liable for business debts. Limited Partners are limited to the amount of investment they have made in the Partnership. Nominal Partners also sometimes exist. These are people who allow their names to be used for the benefit of the partnership, usually for remuneration, but they do not get a share of the partnership profits.

A "Partnership Agreement" usually governs the operation of a partnership. The specific terms of this agreement are determined by the partners themselves, covering issues such as:

- Profit sharing - normally, partners share equally in the profits;
- Entitlement to receive salaries and other benefits in kind (e.g. cars, health insurance)
- Interest on capital (the amount invested in the partnership)
- Arrangements for the introduction of new partners
- Arrangements for retiring partners
- What happens when the partnership is dissolved

(3) Incorporated Company

incorporating business activities into a company confers life on the business as a "separate legal person". Profits and losses are the companies and it has its own debts and obligations. The company continues despite the resignation, death or bankruptcy of management or shareholders. A company also offers the best vehicle for expansion and the provision of outside investors.

There are four main types of company:

(1) Private company limited by shares - members' liability is limited to the amount unpaid on shares they hold

(2) Private company limited by guarantee - members' liability is limited to the amount they have agreed to contribute to the company's assets if it is wound up.

(3) Private unlimited company - there is no limit to the members' liability

(4) Public limited company (PLC) - the company's shares may be offered for sale to the general public and members' liability is limited to the amount unpaid on shares held by them.

Specific arrangements are required for public limited companies. The company must have a name ending with the initials "plc" and have an authorised share capital of at least £50,000 of which at least £12,500 must be paid up. The company's "Memorandum of Association" must comply with the format in Table F of the Companies Regulations. The company may offer shares and securities to the public. In return for this right to issue shares publicly, a public limited company is subject to much stricter regulation, particularly in relation to the publication of financial information.

The vast majority of companies incorporated in the UK and in other major industrialised countries are private companies limited by shares - "private limited liability companies".

My Decision

I have decided to make my business a partnership because a business will be much easier there will be more ideas. The law says a partnership can be between 2 to 20 partners and as they say 2 heads are better than 1, partners are joint owners of a business, the downside to this is you are unlimitedly liable but the upside is there's always more than 1 person that is liable to pay off the debts. I will also have a deed of partnership. This tells us who the partners are, how much money each partner gets, how the profit should be shared, how many votes a partner gets in a partnership meeting, and what happens if any of the partners want to withdraw from the business or if new partners want to be brought in.

I chose partnership because like a sole trader it is easy to set up. They don't have to employ solicitors or accountants to help run a business. All profits belong to partners; I will keep my partnership small so there aren't too many problems between each other. Two people can normally raise more money to start or expand a business than one. Also if we get extra partners willing to invest money in the business is a way of financial expansion. Equally new partners can add expertise to the business. Some partners also have sleeping partners, these are partners who, whilst owning part of the business, play little or no part in its day to day working when joining the partnership, and these partners provide vitally needed money to help set up or expand the business.

Task 3- Marketing

Sampling

Random Sampling:

A random sample gives each member of the population an equal chance of being chosen. It is not a disorganized sample. One way of completing a random sample is to number each element in the sampling frame (e.g. give everyone on the electoral register a number) and then use random to select the required sample. The advantage of random sampling is that it is ideal for statistical purposes. However, there are also disadvantages to this. Firstly it is very hard to achieve in practise. Also it requires an accurate list of the whole population. Lastly, it is expensive to conduct as those sampled may be scattered over a wide area. Random numbers can be used to do this or it can be done by picking people out of a hat.

Systematic Sampling:

A systematic sample is a random sample with a system. From the sampling frame, a starting point is chosen at random and there after at regular intervals. For example suppose you want to sample 8 houses from a street of 120 houses. $120/8=15$, so every 15th house is chosen after a random starting point between 1 and 15. The advantages of using a systematic sample are that it spread the sample more evenly over the population. Secondly it is easier to conduct than a simple random sample. The disadvantage of this is that the system may interact with some hidden pattern in the population, e.g. every second house along the street might always be the middle of a terrace of two.

Quota Sampling:

Quota sampling is the selection of the sample is made by the interviewer, who has been given quotas to fill from specified sub groups of the population. For example, an interviewer may be told to sample 30 women aged between

70 and 75. There are similarities with stratified sampling, but in quota sampling the selection of sample is non-random. The advantage of a quota sample is that it is quick and easy to organise. The disadvantage of this method is that it is not as representative of the population as a whole as other sampling methods. And also because the sample is non-random it is impossible to assess the possible sampling error.

Stratified Sampling:

In a stratified sample the sampling frame is divided into non-overlapping groups or strata, for example age groups, genders. The advantage of a stratified sample is that stratification will always achieve an accurate providing that the strata has been chosen correctly. The disadvantage to this is that it is difficult to identify an appropriate stratum. Also it is more complex to organise and analyse results.

Final Idea:

I have chosen to do my questionnaire as a stratified sample because I will choose pupils to fill in my questionnaire depending on their year group. I will choose 10 pupils from each year group, 5 boys and 5 girls. This will ensure I have the correct information to buy the correct stock depending on the age and gender of pupils in the school.

Questionnaire for the customer

<i>Year/ Age</i>	<i>Tally</i>
<i>Year 7 (11-12 years old)</i>	<i>///// /////</i>
<i>Year 8 (12-13 years old)</i>	<i>///// /////</i>
<i>Year 9 (13-14 years old)</i>	<i>///// /////</i>
<i>Year 10 (14-15 years old)</i>	<i>///// /////</i>
<i>Year 11 (15-16 years old)</i>	<i>///// /////</i>

<i>Gender</i>	<i>Tally</i>
<i>Male</i>	<i>///// ///// ///// ///// /////</i>
<i>Female</i>	<i>///// ///// ///// ///// /////</i>

<i>Weekly income</i>	<i>Tally</i>
<i>£1</i>	<i>/////</i>
<i>£2</i>	<i>/////</i>
<i>£5</i>	<i>/////</i>
<i>£10</i>	<i>/////</i>
<i>£20</i>	<i>///// /////</i>
<i>More</i>	<i>///// ///// ///// /////</i>

<i>Type of Games</i>	<i>Tally</i>
<i>Action</i>	<i>///// /////</i>
<i>Adventure</i>	<i>///// //</i>
<i>Shooting</i>	<i>////</i>
<i>Fighting</i>	<i>///// ///// //</i>
<i>Sports</i>	<i>///// ///// /////</i>
<i>Other</i>	<i>///</i>

Questionnaire on business

<u>What types of games do you play?</u>	<u>Tally</u>
Arcade	////
Role playing	//// //
Strategy	////
Adventure	//// //
Simulation	////
Driving	//// //
Puzzle	////

<u>What console do you have?</u>	
PS1	////
PS2	//// // // //
XBOX	////
NINTENDO	
PC	//// // // //
SEGA	/

<u>When will you come?</u>	
Before school	////
Break time	//// //
Lunch time	//// // // //
After school	//// // //

<u>What is the maximum amount you will pay for a game</u>	<u>Tally</u>
£0-5	
£5-10	
£10-15	
£15-20	///
£20-25	//// //
£25-30	//
£30-35	//// //
£35-40	//// // // //
£40-45	////
£45-50	
more	

Marketing Mix

Product

In theory it's the same for a product. After a period of development it is introduced or launched into the market; it gains more and more customers as it grows; eventually the market stabilises and the product becomes mature; then after a period of time the product is overtaken by development and the introduction of superior competitors, it goes into decline and is eventually withdrawn. However, most products fail in the introduction phase. Others have very cyclical maturity phases where declines see the product promoted to regain customers.

The need for immediate profit is not a pressure. The product is promoted to create awareness. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution.

Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over. Advertising spend is high and focuses upon building brand. Market share tends to stabilise.

Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are the key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins. Promotion becomes more widespread and uses a greater variety of media.

At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved by reducing marketing spend and cost cutting.

In reality very few products follow such a prescriptive cycle. The length of each stage varies enormously. The decisions of marketers can change the stage, for example from maturity to decline by price-cutting. Not all products go through each stage. Some go from introduction to decline. It is not easy to tell which stage the product is in.

Another concept that we will hear of with respect to product is the concept of product differentiation. This is a wonderful thing if you can achieve it. If you are able to create product differentiation, it means that the customer sees something unique in your product as opposed to an alternative product.

Price

Changing the product to reflect the product's life cycle is only part of the essence of a well balanced marketing mix, and so PRICE enters the second important consideration of the marketing mix. When setting a price on a range for your products, you need to ensure that you can recoup any overheads, compete with rival companies and charge a price your customers are willing to pay. To do this you need to fine tune your pricing policy and you could achieve this in a number of ways:

This involves lowering prices on a number of key products in order to attract a customer to purchase the products. Customers obviously like a bargain and may be attracted to buy this item even if they had never considered purchasing this item before. Price reductions could be used to entice customers to look at your other products, and any profit lost might well be made up should the customer be persuaded to shop around and purchase other products not reduced in price. Loss leader pricing might be used to sell off or stimulate interest in products considered to be in the maturity or decline stage of their life cycle.

This type of pricing is used for products identified as being in the "introductory" stage of the product life cycle to enable the product to get a foothold in the market. Prices are artificially reduced to attract the largest possible audience. It is often used to prevent or discourage competitors from capturing the market and used for products that are mass-produced.

Where Penetration Pricing keeps the pricing below the real market price, price skimming raises the price artificially to enable it to quickly recoup costs and for immediate profit. This type of pricing structure works very well for products that are in demand or where there are few competitors - electronic equipment for example. Caution has to be used when employing this strategy as competitors may well take advantage of these high prices and enter the market quickly with a realistic price thus stealing the market. Again this type of pricing strategy might be used when the product is in its growth stage in the product life cycle as demand is high and sales are high.

This involves allowing the same product to be priced differently; this can be justified when the product is sold in areas with differing economic climates, when sold through differing distribution channels, to appeal to a different market segment. For example, you could choose to charge a wholesaler less for buying in bulk than for an individual who only bought on single card. You could also decide to charge more for your card designs in London than you would in the North of England simply because the economy is more stable in London than in the North of England

Place

Placement if the product is crucial. There are often many paths (i.e. channels), which a product can take in going from your shop to the customer. A channel "map" can be drawn in order to visualize this keeping in mind all the middlemen, agents, shops, stores, etc. along the way. Defining a channel strategy is not simply an arbitrary matter. Bear in mind that all middlemen along the way are, in essence, in partnership with you to sell something to the end-user. Therefore, your product and its other 3 P's must be such that various resellers in your channel have their needs (e.g. margin objectives, volumes) met.

There is also the question of control. When AES Data launched the world's first word processor in the early 1970's, it signed up the Lanier Company in the USA to handle U.S. sales. However, Lanier was selling the AES product under its own label, i.e. the Lanier name and when Lanier decided to switch to another supplier of word processors (as competition emerged); AES had little control over its U.S. customers. To gain a foothold in the U.S. market, it had to start from the beginning in a market, which it created! Even if Lanier sold the AES products under the AES name, Lanier would still own the channel in that Lanier had its own loyal customer base along with sales and service offices to support this customer base.

A choice of channels may also be dictated by cost constraints. If it is considered too expensive and risky to advertise and promote a new product in an established market, it may make more sense to go the Lanier route in which case your partner will absorb the up-front sales expenses allowing you to concentrate more on product development.

At the risk of oversimplifying, a good practical way to determine, or at least analyze, appropriate channels for your product would be to start at the point of final purchase. Who is the final consumer or user of your product? Where does that person look when buying your type of product? If she buys this product from an office products retail store, then where does that retailer obtain his products... and so on? Once the various channels have been identified, it is easier to determine which ones make the most sense or which ones offer the path of least resistance.

The choice of channels may also have a significant bearing on pricing. For example, in the AES/Lanier case, it was possible for AES to offer very attractive pricing to Lanier because Lanier was absorbing the promotional and distribution costs. This gave Lanier an incentive to focus on sales and marketing and not compete with AES by also manufacturing such machines.

Promotion

The fourth part of the marketing mix refers to process of informing your customers of your company's products.

To make your customers aware that your products exist, there are a number of methods you may choose to use, they include:

- Media Advertising (television, magazines, Internet, radio, etc.)
- Personal selling (involving a sales person)
- Non-personal communication (persuasion advertising - competitions, free samples).
- Other promotional types include public relation exercises and free publicity.

Promotion needs to be carefully planned, and it is usual to decide on a new promotional plan each year. There should be one main objective to the promotion campaign and that particular emphasis should be projected during a certain time to a certain market segment.

Using market research establishes who are the best market segments to aim your campaign towards. The message of your campaign must be focused towards the market segment and it must relate to the promotional objectives. Time your promotion, when and where is the optimum impact likely to be. Which promotional technique you decide to employ must have a bearing on how best you can reach this segment and which technique would best put your message across favourably. Here are a few techniques you might consider employing:

The advertising agency consists of specialised people who are able to promote your campaign more effectively and can be called upon when needed to assist the operation without the necessity of having to employ full time staff dedicated to advertising within the business.

Sales people selling to the customer on a one to one basis. Advantages being that questions can be answered straight away; problems can be sorted out at a personal level. The sales man remains with the customer's case through to the completion of the sale.

THE PROCEDURE OF PERSONAL SELLING:

- Determine what is to be sold
- Plan a programme
- Prepare a sales call (making appointments etc.)
- Record the interview

You will most probably produce a brochure for your business, but it is also a necessity for any operation to advertise their product.

Advertising can either be concentrated on the general image of the company or a specific product for example a special offer.

The main forms of advertising are:

- TELEVISION
- RADIO
- NEWSPAPERS AND MAGAZINES
- TRAVEL TRADE PRESS
- VIDEOS

- POSTERS
- CINEMA
- EXHIBITIONS AND TRADE FAIRS
- INTERNET

It is worth noting that the higher the profile the more expensive your advert becomes. Television is the most costly and can cost thousands of pounds for only a few minutes, National Radio and newspapers are cheaper ways to advertise and the local newspaper is even cheaper still. The Trade Press is another good option when wanting to aim your product at a particular market. Whatever you decide you must ensure that it will have the right impact on the customers you are aiming at.

Task 4- Financial Analysis

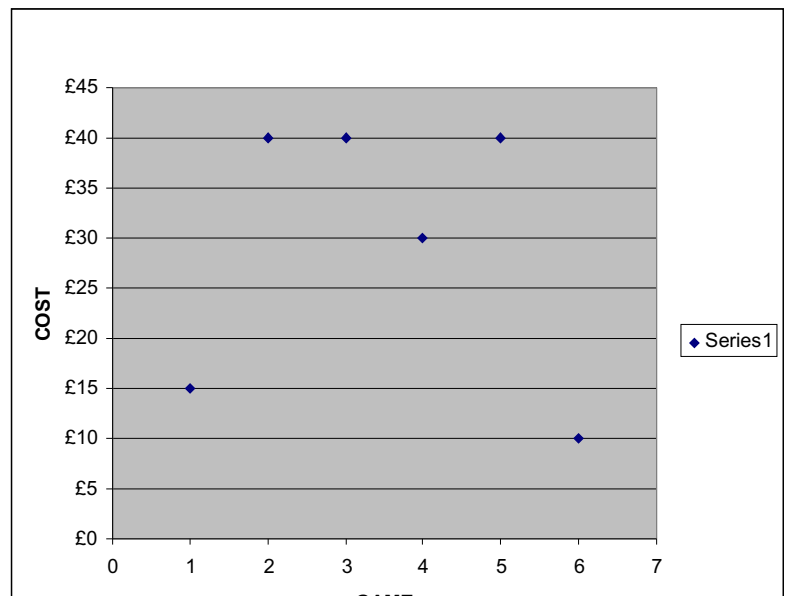
<u>Source</u>	<u>Product</u>	<u>Average Prices</u>
www.playstation.com	PS2 games	£32.99
www.xbox.com	XBOX games	£29.99
www.game.com	Nintendo games	£15.99
www.gamestation.com	PS1 games	£9.99
www.gameshop.co.uk	Game cube games	£23.99
www.gamesworld.com	PC games	£35.99
www.argos.com	Sega games	£5.99
www.nintendo.com	Nintendo games	£27.99
www.games4sale.com	All types of games	-£30

I have decided to buy all my products from the website www.games4sale.com as they sell all different types of the products that I will sell at a low price. Unlike other websites such as www.xbox.com, they sell only one type of game at the same price but on the one I have chosen they do all types of games at £30 or lower.

Maximum business cost will be = $30 \times 6 = 180$ for one of each type of game.
 I have also decided to stop buying the games that pupils do not buy.
 For my game station the prices of the products will be:

- PS1 games- £15
- PS2 games- £40
- XBOX games- £40
- NINTENDO games- £30
- PC games- £40
- SEGA games- £10

<u>FIXED COST</u>	
<u>GAME TYPE</u>	<u>COST</u>
1) PS1	£15
2) PS2	£40
3) XBOX	£40
4) NINTENDO	£30
5) PC	£40
6) SEGA	£10
TOTAL	£175



THE REPORT

To: Head teacher

From: Abu Junayed 11WH

Date: 30 September 2005

Term of reference:

I would like to open a business on the school premises, and have researched the type of business I want to open. Before I came to a decision on what business to venture in, I had to brainstorm ideas of interest and possible profitability. I focused on 10 ideas before making a decision about one. To begin with I thought about opening a book shop but I didn't see the point in doing something I wasn't interested in, regardless of whether it was a good business idea or not. After giving lots of thoughts to the other ideas I have finally decided about setting up a school game station where games, both educational and recreational, will be sold which I know kids will be interested in.

Findings:

Finding out information about the different legal forms of business helped me decide how I would like my business to run. The advantages of being a sole trader were in my favour, because I know I will not have to share the profit or consult someone on major decisions, unlike in a partnership. So I decided to run my business as a sole trader.

The most important thing I needed to do was make a final general decision on what products and costs. After finding all this I had to do a questionnaire using a quota sample, the result I then got from my questionnaire showed me what I need and don't need. The questionnaire helped me find out the income of students so these results helped me set the prices of the products. Also the questionnaire helped me find out what kind of games I should buy and about pupils interest. This enabled me to come to the conclusion that majority of the games will have to be of certain types. For example, second hand games, most pupils having a play station console, pupils preferring to rent or buy etc.

There is no cause for alarm because, there will be rules to the games being sold as I have both parents and pupils interest at heart. By this I mean that all games will be categorised for suitability and according to age, education benefits, rent or buy scheme for affordability etc.

Conclusion:

I request that as the head teacher of Stratford school you support and recommend my proposal to the Governors and those concerned. I greatly believe that the school will benefit from my business proposal in terms of raising revenue for school use and pupil motivation.