

Imagine

A Stratford City Education Project

The brief

Imagine you have been asked to set up a new business in Stratford City. Design, and plan your business. You will need to write up a business plan using the information below together with a Power Point presentation to the judges. You will be able to working on this project in Enterprise & Enrichment days for the Summer term.



Team Members (3-5)

Teaching group 9....

1.....
2.....
3.....
4.....
5.....

Remember the judges will be looking for

- a. Original business idea
- b. Teamwork & cooperation
- c. Finance & problem solving skills
- d. Use of ICT and other technology
- e. Communication skills



Contents

Stratford City	3
Introduction & Brainstorm of ideas	4-5
Business Logo	6 – 7
Product	8
Customers	9
Business Organisation	10
Business Ownership	11
Start up Costs	12
Sources of Finance	13
Running Costs	14
Market Research	15 – 16
Marketing	17 – 18
Additional Factors	19 – 20
Profit	21 – 22
Cash Flow	23
SWOT	24
Presentation	25



Stratford City

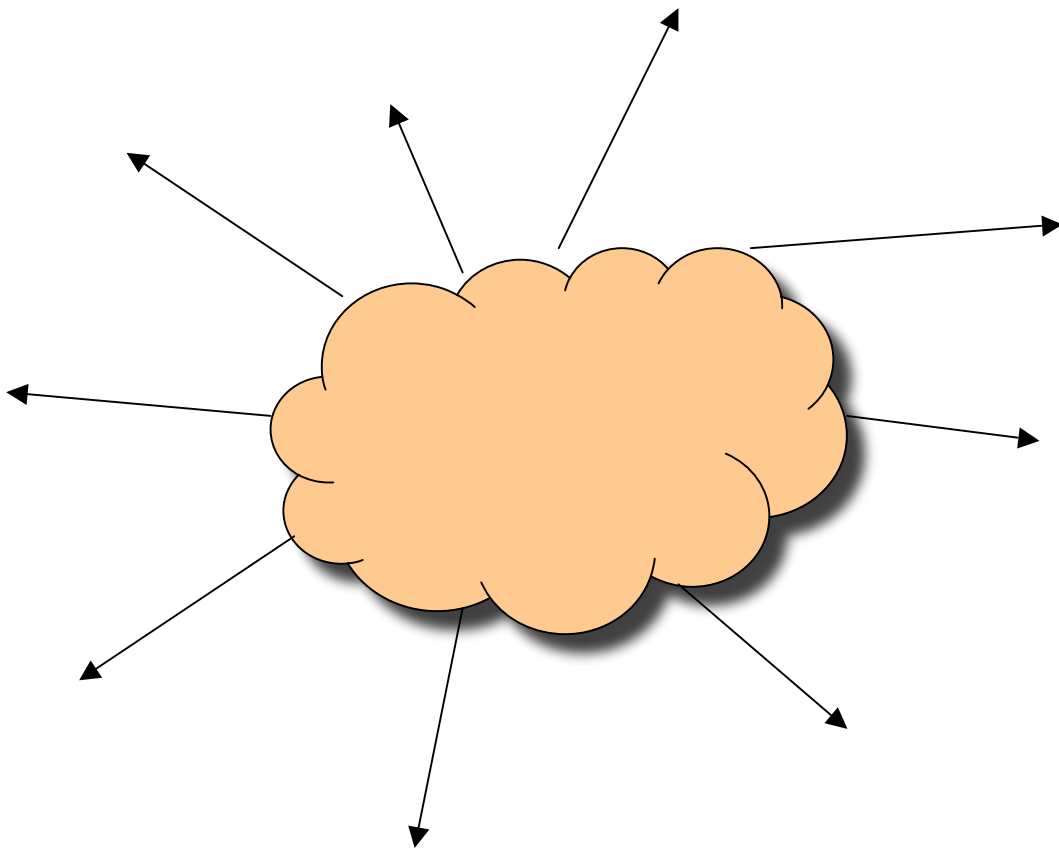
Stratford City is a new development in the heart of east London. Westfield are building a brand new city which includes retail units for around 250 shops. At the moment John Lewis & Marks & Spencer's are confirmed as two of the residents in the shopping centre.

For details about Westfield, Stratford City please look at:
<http://westfield.com/stratfordcity/>

Imagine

Brainstorm ideas in your group

- Think about products or services that your business might sell
- Think about USP – unique selling point – what makes your business different?
- Remember no idea is a silly idea!





Business Ideas

After brainstorming your ideas choose 2-3 of the groups favourite ideas. You will have to choose one final idea, before doing this look at the pro's and cons of your favourites. Examples of advantages could be that it is a product that you are interested in, a disadvantage may be that you have lots of competition.

Idea Number	Advantages	Disadvantages
1.		
2.		
3.		

Name of your business:

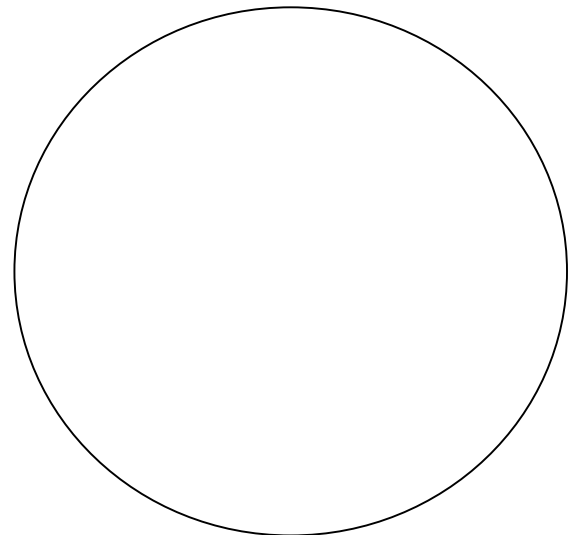
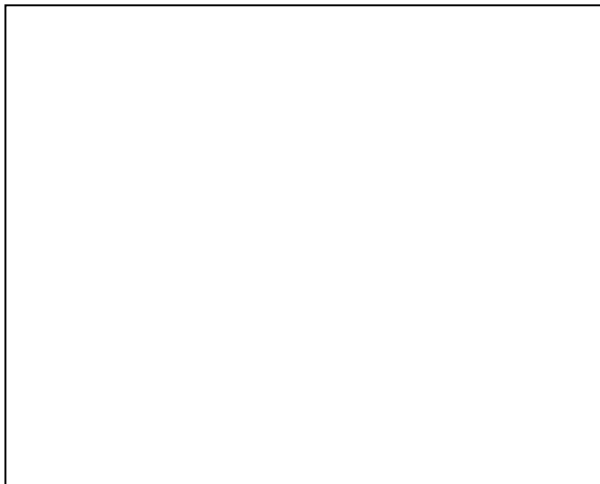


Business Logo

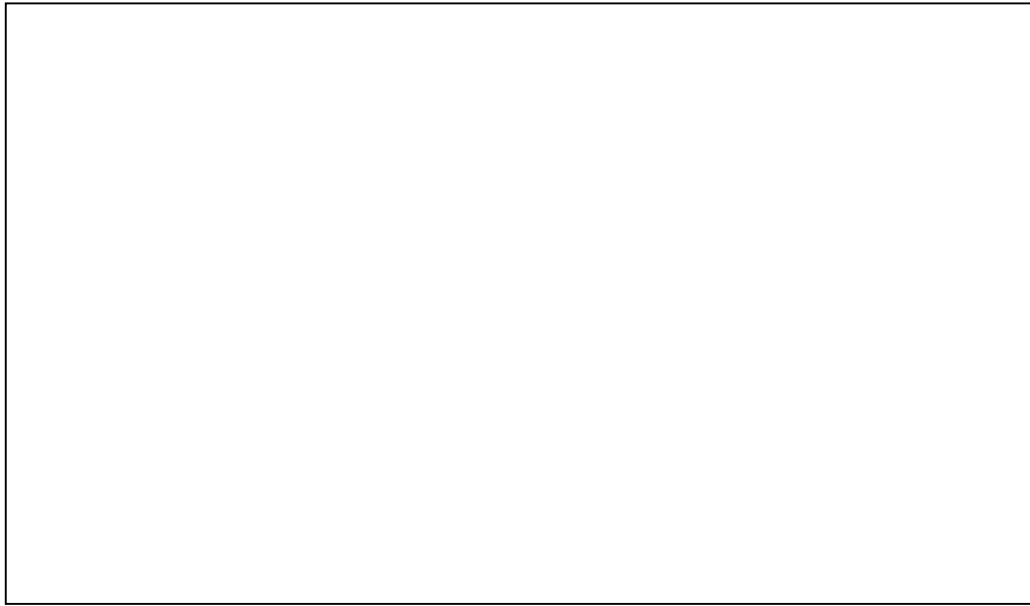


All of these are examples of logos, you need to create a logo for your business. You can create this by hand or using ICT.

Logo:



Logo – Final Design :



Slogans:

Many businesses have a slogan or catch phrase

e.g. "A Mars A Day"

"Just Do It"

"I'd rather have a bowl of coco pops"

"Always Coca-Cola"

"Beanz Meanz Heinz"

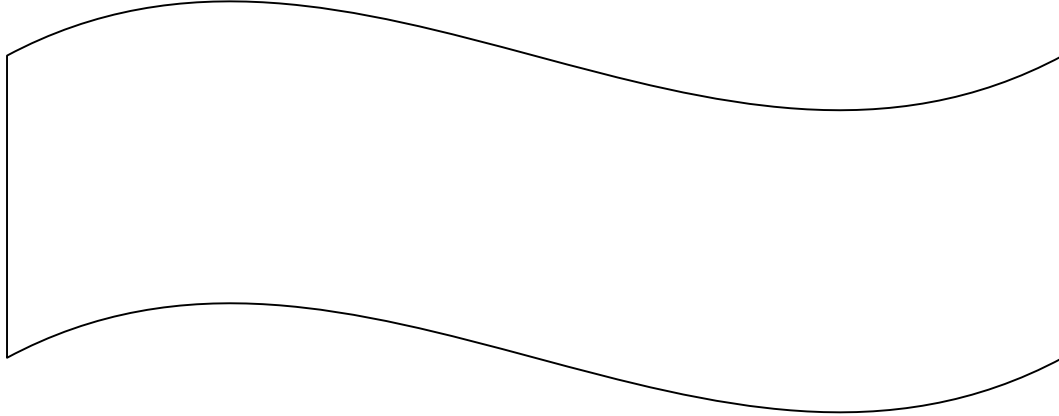
Think of a Slogan for your company:

Products / Services

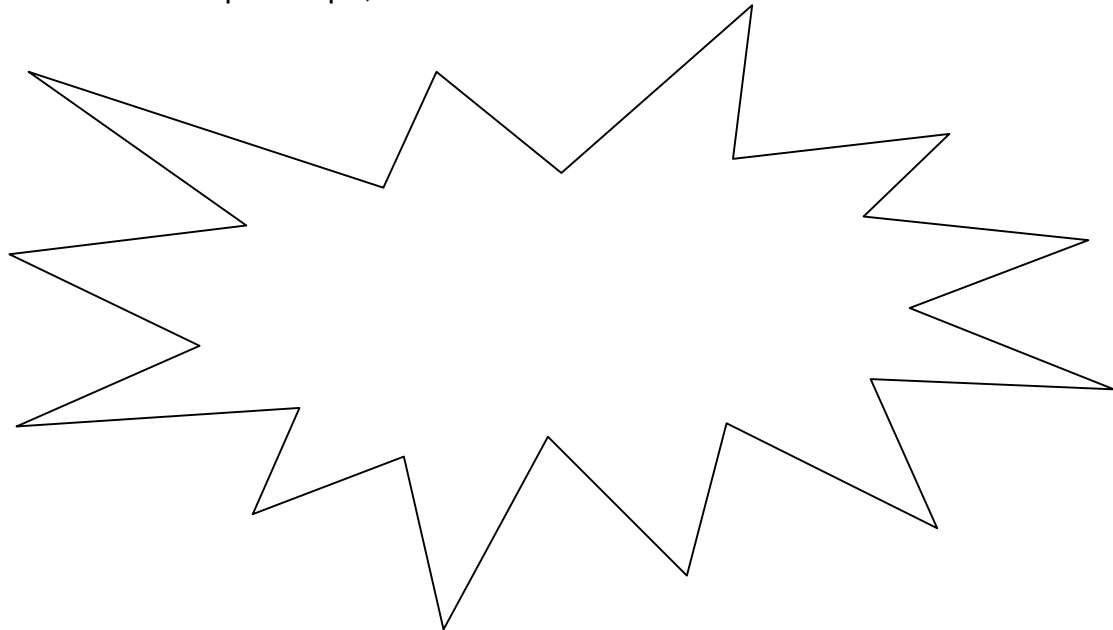
A product is tangible, meaning you can see it and feel it e.g. a pair of trainers, an IPOD.

A service is intangible, this means you can't see it but you consume it e.g. a hair cut, a holiday

What product or service will your business be selling?

A large, empty, wavy-edged rectangular box intended for students to write their business product or service.

Unique selling point (USP) How will your product or service be different from any other business (what is it about your product that is different? E.g. Coca-Cola has a unique recipe, Innocent smoothies sell drinks made from real fruit

A large, empty, jagged-edged star-shaped box intended for students to write their unique selling point (USP).

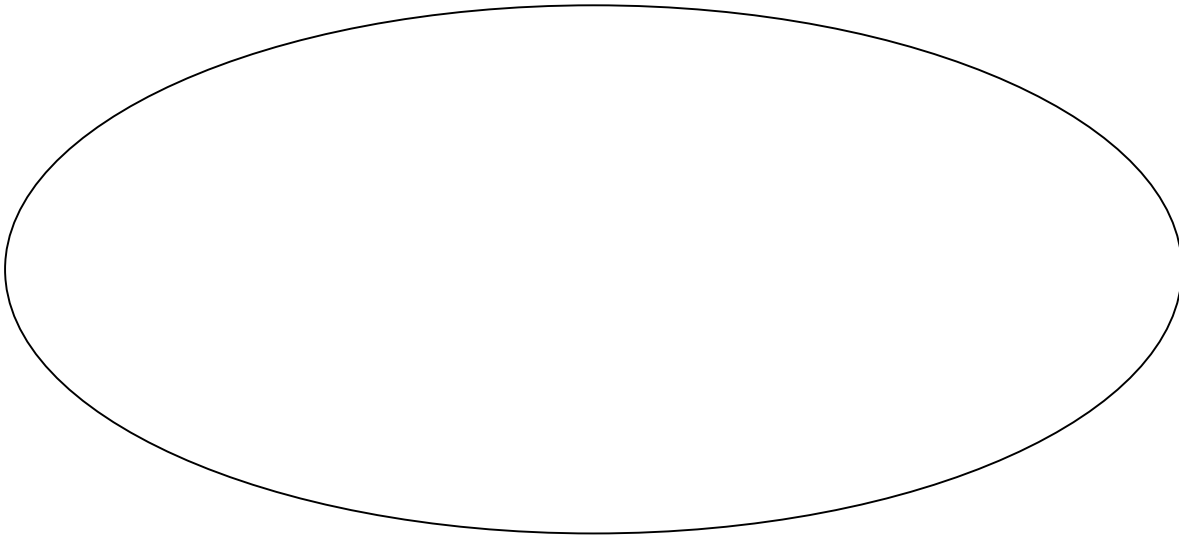
Customers

In order to make a profit you need to make sure that your product appeals to the right people.

Target market means who you are aiming your product at, you can describe target market using the following criteria:

- Age of customers
- Gender of customers
- Geographic location of customers (where they live)
- Income of customers
- Interests of customers e.g. football, hip hop etc
- Lifestyle of customers e.g. are they single, have children etc

Who is your target market?

A large, empty oval shape intended for students to write their target market.

Why do you think your product appeals to this target market? E.g. PSP appeals to teenagers as they like something that they can carry around

A large, empty rectangular box with rounded corners and a drop shadow, intended for students to write why their product appeals to their target market.

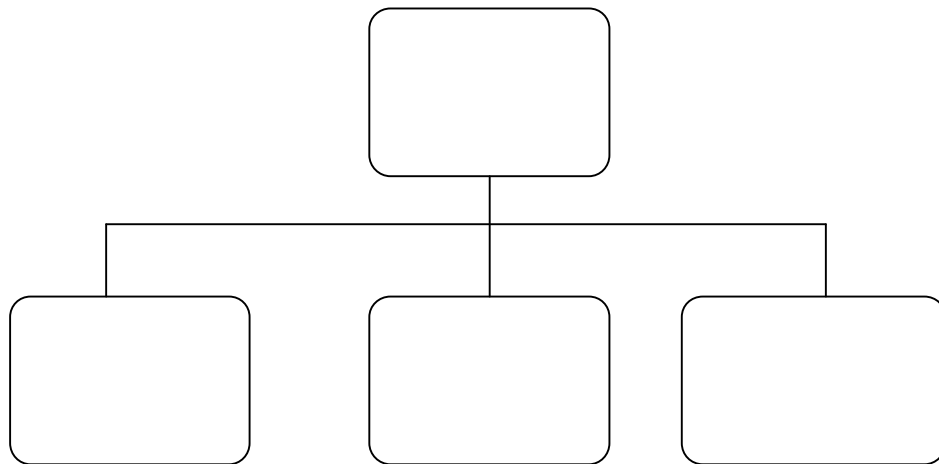
Organisation of your business

In a business every member needs to have a specific job or role.

What roles will each team member be responsible for? How will you choose who each will be?

1. Managing Director - Team Leader
2. Finance Director (in charge of money, costs etc)
3. Operations Director (running the actual business day to day, getting staff & supplies and deliveries etc)
4. Marketing & Communications Director.....

(N.B. If you have 3 in your group join two job roles together)



What jobs will each Director have to do to make your business successful?
 What skills and qualities will they need to be successful?

Type and Ownership of Business

Partnership – profits shared equally by four partners

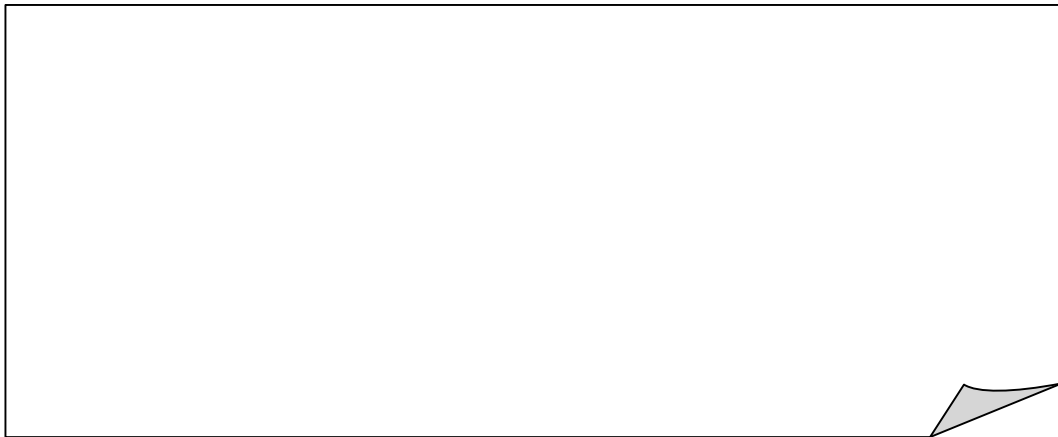
Private Limited Company – owned by four of you as shareholders who share the profit according to how much of your own money you put in to the business

Public Limited Company – owned by shareholders including members of the public who share the profit according to how much of their own money they put in to the business

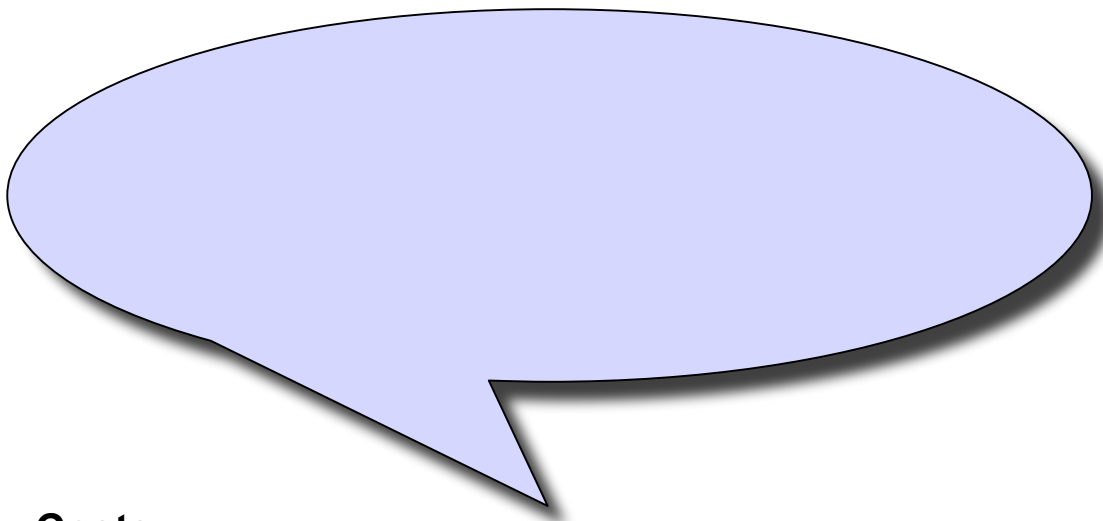
Co-operative – profits shared with members who could be workers and / or regular customers

Public sector – money provided by tax collected by the government in exchange for a service e.g. health, education, public transport. Any profit is put back in to improve the service.

Decision: (with reasons)

A large, empty rectangular box with a thin black border and a small grey shadow at the bottom right corner, intended for writing a decision and its reasons.

How did you make the decision?

A large, light blue speech bubble with a black outline and a shadow, intended for describing the decision-making process.

Costs



Sources of finance are where you will get your money from to start your business, think about Dragon's Den where do the entrepreneurs go to get their money.

The following are places that you can go to:

Bank

Friends and family

Savings

Share holders

Think about what sort of finance you can get from each source, which will you use and why?

A large, empty rounded rectangular box with a thin black border, intended for students to write their answers to the question above.

Running Costs



Running costs are costs that you need to pay to keep the business running, these will need to be paid every week, month or year.

For example if you have decided to set up a sports shop the running costs would include staff wages, utility bills (gas, water, electricity). The figures that you need for some of the running costs are below:

Rent - £10,000 a month
Utilities - £1,000 a month
Business rates - £3000 a month
Labour = £1000 per person per month

Item or service needed	Where will you get it?	Cost ££££

Market Research



Companies need to research their market to find out if there is demand for a product, how much people are willing to pay etc

Where will you find the information?

There are two types of market research, primary market research – this is where you go out and do the research yourself e.g. a questionnaire
Secondary market research – this is where you use existing information.

Primary Market Research

You need to come up with a questionnaire about your product / service, you will have to ask at least 20 people. The results of the questionnaire can be used to help you with your finance.

Questionnaire design – you will need to ask the following questions (& any of your own you want to add)

1. Would you be interested in seeing a shop selling x?
Yes
No

2. How much would you pay for x?

3. What types of promotions would you be interested in?
Buy one get one free
Vouchers
Discounts
Loyalty cards

4. Where do you usually purchase x?

Secondary Market Research



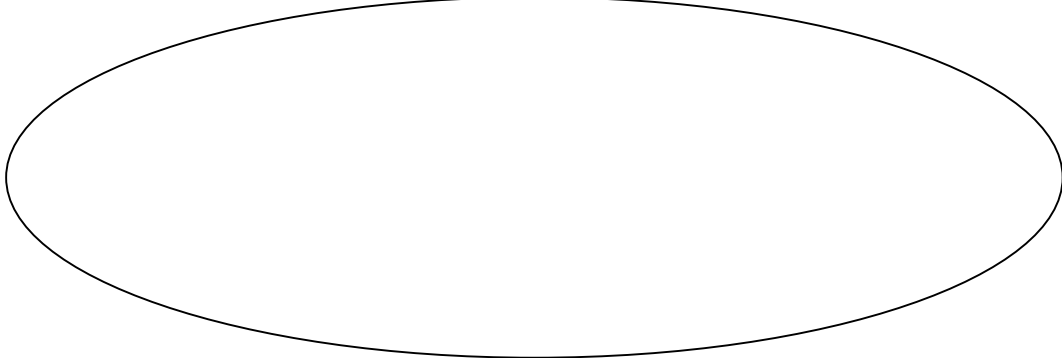
This can help you with pricing your product, you will want to look at competitors websites to see how much they charge for their products. E.g. if you were selling sports wear you may want to go on to Footlocker's website and see how much they charge for two particular brands of trainers.

	Product 1 Price	Product 2 Price
Competitor 1		
Competitor 2		
Competitor 3		

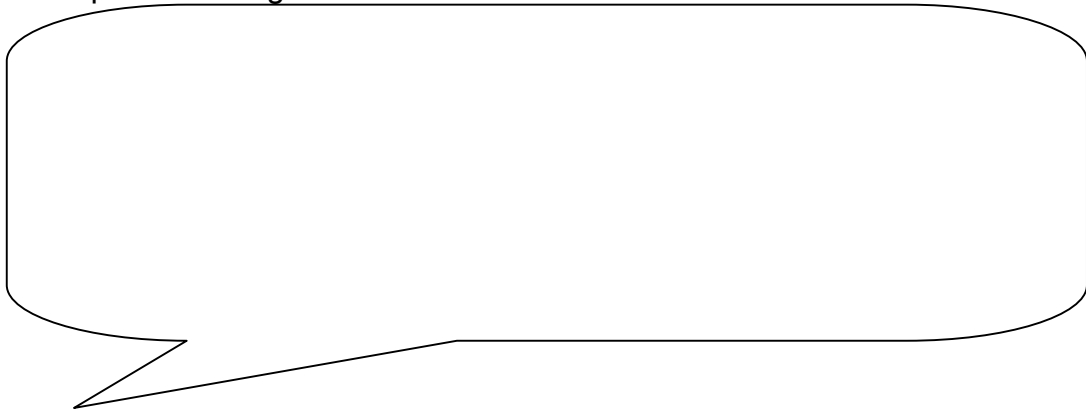
Marketing

How will you market your product or service? You will need to think of the five Ps.

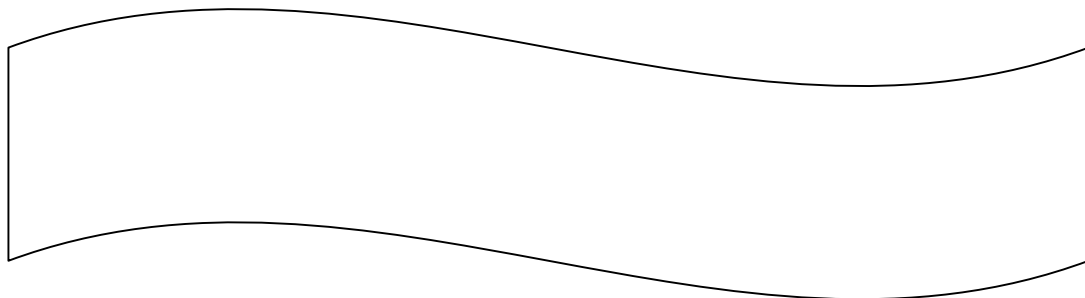
Product (s) (or service) describe your product / service

A large, empty oval shape intended for writing a description of the product or service.

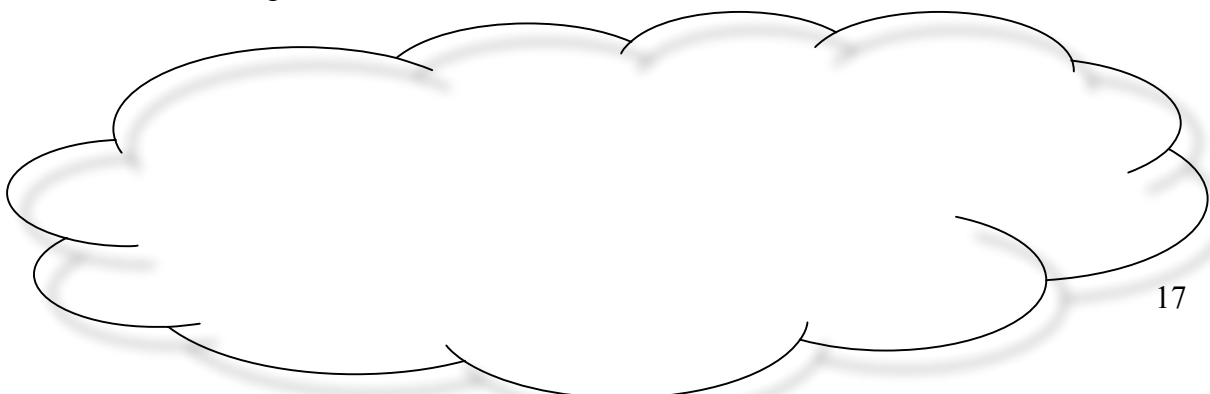
Price (s) how much will you charge? Look at your primary and secondary market research to get an idea – how much will people pay? What do your competitors charge?

A large, empty speech bubble shape intended for writing the pricing strategy.

Place (where you will sell it e.g. shop, website etc) This will be in Stratford City, will you have an online shop as well? Is there any location that will be best for you?

A large, empty banner shape intended for writing the location and sales channels.

Promotion (advertising etc) How will you promote your shop? Will you use advertising on TV / radio / internet / billboards?

A large, empty cloud shape intended for writing the promotion and advertising strategy.

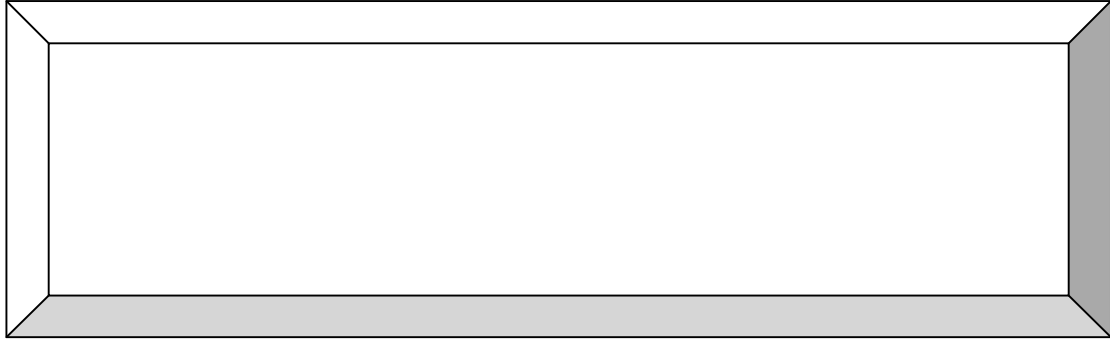
People (type of customers – young, old, gender, rich, poor etc)

Create an advert for your shop

Additional Factors

Technology

How will you use ICT or any other technology to help your business succeed?

A large, empty rectangular box with a 3D effect, intended for a student to draw or write their response.

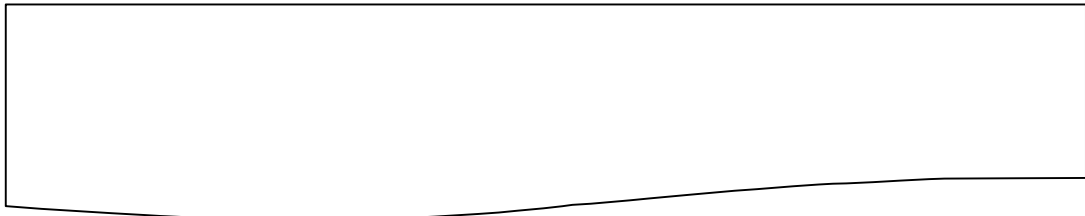
Competitors

Do you know of any possible ? Does anyone else have the same kind of business?

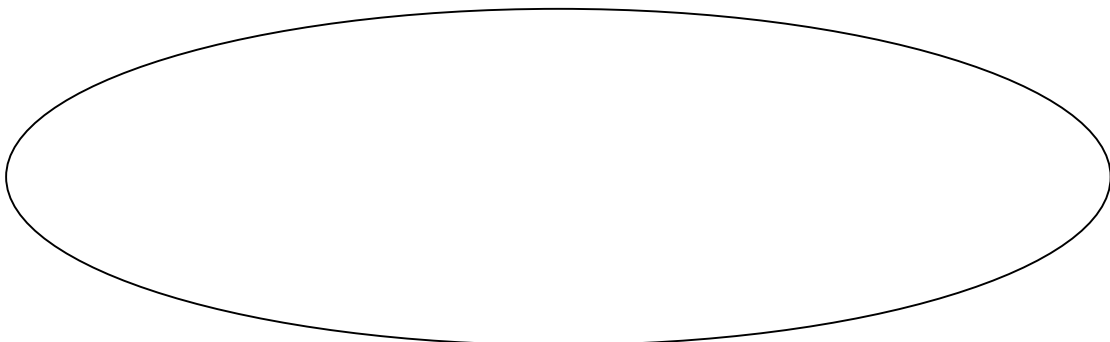
A large, empty rounded rectangular box for writing an answer to the question about competitors.

Governments (Parliament, EU, London Mayor, Newham Council)

How could they help or cause problems for your business?

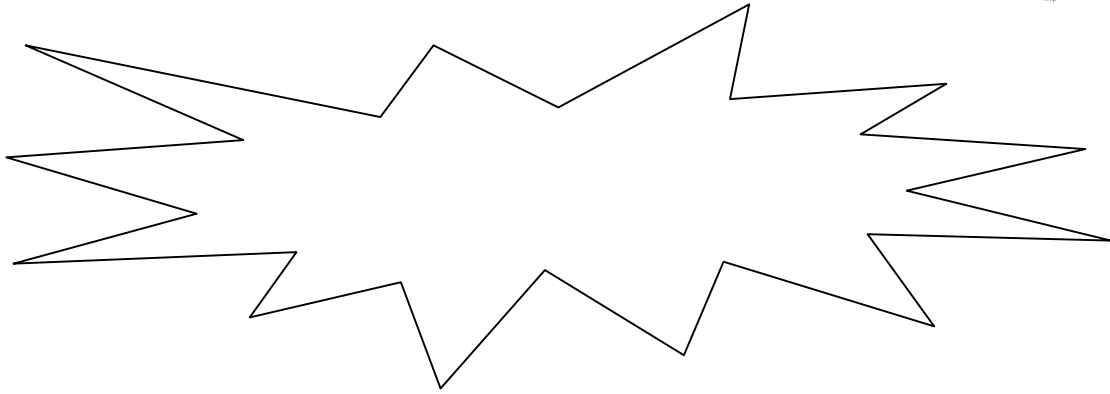
A large, empty rectangular box for writing an answer to the question about government impact.

What could you do about any issues with governments?

A large, empty oval box for writing an answer to the question about actions to take regarding government issues.

Environment

Are there any environmental issues that you may need to consider?



How could your business be environmentally friendly?

Current affairs (news)

What is happening in the news in the UK that might affect your business?

What is happening in the news in the rest of the world that might affect your business?

What could you do about any of these events?

Profit is the amount of money that you have left over when you have paid all your costs.

$$\text{Profit} = \text{Total revenue} - \text{Total costs}$$

$$\text{Total revenue} = \text{Selling price of the product} \times \text{Quantity sold}$$

How much profit will you make on each item (profit margin)?

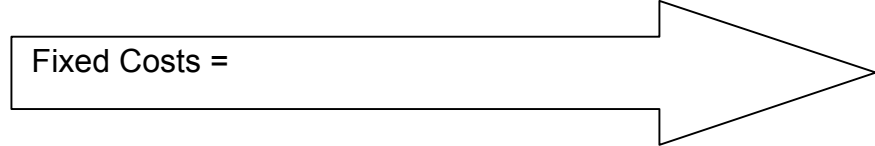
First you need to decide how much you will price your items, you may want to do some Market research to see how much people would be willing to pay, you can look at competitors to see how much they charge.

You then need to think about your costs.

$$\text{Total Costs} = \text{Fixed Costs} + \text{Variable Costs}$$

Here are your fixed costs, fixed costs do not vary how much you produce so you have to pay these. You have to decide how many people that you want working for you.

Fixed Costs	Variable Costs per unit
Rent - £10,000 a month	Raw materials
Utilities - £1,000 a month	
Business rates - £3000 a month	
Labour = £1000 per person per month	
Total =	

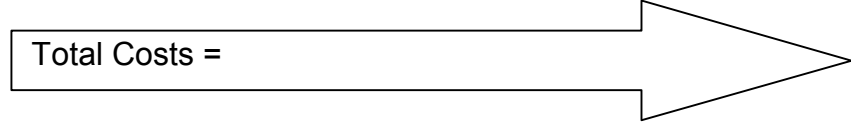


Variable costs vary or change with the amount produced, the more you produce the more you need to pay. Your variable costs are raw materials or your stock. You need to work out how much you will need to spend on raw materials / stock for each product / service you produce. (e.g. if you are selling sweets it may cost you 20p to get each packet from suppliers) This is your variable cost per unit.

You need to estimate how many units you think you will sell (you can do this by looking at your market research)

If you think you will sell 1000 units a month, multiply your variable cost per unit by 1000.

$$\text{Total costs} = \text{Fixed costs} + \text{Variable costs}$$



$$\text{Total revenue} = \text{selling price} \times 1000$$

Total revenue =

Profit = Total revenue – Total costs

Profit =

This is your monthly profit figure if you sell x amount of units.



Cash Flow Forecast

A cash flow forecast shows the money coming in and going out of a business (Inflows and Outflows). Opening balance is how much money you have at the beginning of the month, for January your opening balance is £0.

Net cash flow = Cash inflows – Cash outflows

Closing balance = Opening balance + Net cash flow

Complete your own cash flow forecast, you may prefer to do this in Excel;

	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Inflows												
Sales revenue												
Loans												
Total inflows												
Outflows												
Rent												
Rates												
Utilities												
Labour												
Loan payments												
Raw materials												
Total outflows												
Net cash flow (inflows – outflows)												
Opening balance												
Closing balance (net cash flow + opening balance)												

SWOT Analysis

A SWOT analysis looks at your business at a point in time.

Strengths are things that you are good at, this could be an unique idea, or motivated staff.

Weaknesses are things that you are bad at, this could be a lack of expertise in business

Opportunities are areas where you can expand in the future e.g. it could be to open up new stores, increase product range etc

Threats are things that may negatively impact your business e.g. recession, competitors

	Strengths	Weaknesses
Now – in the present		
	Opportunities	Threats
Later – in the future		

Presentation – Your Final Presentation **Should Include the following slides:**

1. Executive summary: business name, type of organisation
2. Product & Unique selling point
3. Price (including how came to price – market research)
4. Place
5. Promotion & Advert example
6. People (target market)
7. Finance and profit