

Pearson business plan

Business Plan

Component 2

Micro-enterprise name: Hair Heaven

Please note: text boxes throughout the business plan can be expanded as required.

Executive Summary: Overview of your micro-enterprise

Micro-enterprise opportunity: I chose this business idea due to the results on the questionnaire that I made where people chose hair oils as something they would use and seem more interested in it. I know it's going to be successful because there's a lot of demand for it and I've done a lot of research, and my questionnaire tells me people will like my business/product. The fact that my hair oil will genuinely help people and wouldn't damage their hair is what makes my business special.

Target market: My primary target audience is 14–16-year-olds. My secondary target audience is anyone between 18-30 years old. The reasons for my identified target audience are that most teenagers at the ages of 14–16-year-olds care a lot more about their appearance/hair and this will help them and make them feel better and happier. I would like to expand my target audience in the future to 18–30-year-olds, as it would mean more products would be sold meaning more money will be coming in.

Describe your main good(s) and/or service(s): I will be selling my hair oil. The service I'm going to offer is a delivery service. Research that backs up the reasons for my choices is that most businesses like mine end up being successful.

Given budget:

£ 50

Projected trading window profit:

Gross profit = £193.93 Net profit = £145.93

Micro-enterprise outline: Aims

Micro-enterprise name: Hair Heaven

Summarise your micro-enterprise including ownership (sole trader or social enterprise): The ownership is Sole Trader. A Sole Trader has unlimited liability, this is when if you go bankrupt, you may lose your personal possessions. This may impact me because it is a risk however it's only a small amount of money I'd pay back as my budget is £50. A Sole Trader has an Internal Structure which is flat, and I'm the owner but I cannot employ staff as I am underage, however family and friends may help.

Summarise the aims of the micro-enterprise:

Financial aims: I would like to make a profit and receive money and to break even (survive). I want this because I'd like to make something out of my business. I'm going to ensure I achieve this by making sure my customers are happy with my product that they would be willing to buy it and by making sure they are loyal so they can come back and purchase my product again.

Non-financial aims: I would like customer satisfaction; I'd like my customers to be loyal so they will continue to come back. I want this because I'd like to know if my business is helping people and keeping them happy/loyal. I will ensure that I achieve this by seeing if my customers stay loyal and keep coming back to buy my product. Having loyal customers will also link into my financial aims, making me a profit.

Operations: Product features and pricing strategy

Features of the product:

Name of product	Hair Heaven
Description of product	My hair oil will be a white bottle. It will say Hair Heaven on it in black writing.
Retail price of product	I'm going to sell the product for £7. This is because I don't want to make it too expensive or too cheap for my customers and I'd like to make a good amount of money. There will be special offers when there are certain holidays, for example Black Friday or Christmas etc. There will be different prices at different times of the year depending on when a lot of people start thinking of Hair Oil as an essential item at a certain time of the year. Also, other businesses like mine sell them for a price that some customers may not like, but that's what I would not like to happen to my business/product.
Cost of raw materials for product	I'm going to need virgin coconut oil which I can get for £2.54 from boots. I need virgin coconut oil which I can get for £4.95 on amazon. I need dried herbs which I can get for £3.99 on amazon. I need peppermint essential oil which I can get for £2.49 on amazon. I also need honey which I can get for £3.50 at Asda.
Benefits of the product	The benefits of the product are that customers will want to buy my product because of the nice fragrance and how it will help them to make a nice change to their hair, which will make them want to come back and purchase the product again which can result in me making a profit. They will gain nice, smooth and silky hair from using the product, it will make them feel good about themselves.
Unique selling points of the product	My unique selling point is to make my customers hair feel and look the best it can compared to other hair oils/products. My product/service is different to anything else on the market due to these reasons: good/healthy ingredients in the product that will benefit the hair and help the hair feel and look good, fast deliveries and good price.
How the product's features help to meet your aims	The product's features help to meet my aims. For example, it helps with one of my non-financial aims, which is customer satisfaction because the fact my product will help the hair, it will make my customers loyal that they will come back, meaning I'll make more of a profit which links into my financial aim; make a profit. I would like to have a certain number of customers which will make me a good profit.

Pricing strategy:

Type of pricing strategy	The pricing strategy I will be using is psychological. This is when you use, your 97 pence's or 99 to make the product seem cheaper, for example, for my product, I'd put £6.99 instead of £7.00. Another pricing strategy I will be using is penetration. This is when prices are very low as a trial and start to increase when I get customers.
Selling price	£7

Where will you be selling, and why?

I will be selling from social media but in the future, I'm hoping to have my own wider platform than I do now, like having my very own shop where I can sell my products for example. This will be on Instagram where I post what the product looks like and how it works. It will say Hair Heaven in black writing and the product will be a white bottle.

Promotion: How will you sell your product?

How are you going to promote your product?

How?	Why?	Cost effectiveness
Social Media	Social media is quite popular for Entrepreneurs to promote their business and people around the age of my targeted audience (14-16 years old) often use social media. Hopefully others who have a similar business to mine but are more of a well-known and successful business can repost anything I post about my business and promote the business.	It will cost me nothing so I can promote it in any way, shape or form as I would like too.
Posters	People will see it and they might be interested and find out more about my business and may perhaps buy my product. I could put it on the window outside of a Hair/Beauty salon to promote my product/business.	It will cost me little as it'll cost me around £15 but it's still under my budget so it's effective.
Business Card	When people buy my product, they can get a business card along with it to find out any more details about my business or pass it on to any family members or friends if they are interested which will give me more customers.	It'll cost about £2-3 so it's not a lot of money again as it's under my budget and cheap.

Business website (optional):

www.hairheaven.co.uk

Business social media (optional):

Provider	Name
Instagram	@HairHeaven
TikTok	@HairHeaven
Facebook	@HairHeaven

Snapchat

@HairHeaven

Target market: Who are your customers?

What research have you done to get a better understanding of your market?

I have done primary research which is where I did a survey about my business so I could find out if people are interested in my business/product. For example, I asked questions like would you use the product if so, would you use it often, do you like the product or other products like it and what prices would you be happy to pay for my product. I also did secondary research. This is where I went online and found out I had competitors. One is Perfection Hair and Beauty in Tipton Great bridge who have high star rating and excellent reviews. People around my target audience spend about £50 a month at this salon.

Who is your target market?

Market segment(s) description	How and why the product will appeal to them	How and why the pricing will appeal to them	How and why the promotion will appeal to them
14–16-year-old Female	The product will appeal to them because females around the age of my target audience like buying beauty products and taking care of their appearance and this product will hopefully be one of them which help with their appearance the way they would like it too.	The pricing will appeal to them as I will be using a pricing strategy called penetration, where prices will start off low and increase when I get customers. Because of this, my price will attract my customers, I'll be setting the price at £7.	The promotion will appeal to them as 14-16-year-olds use social media a lot so they will come across my business account on that social media app, and it will clearly appeal to them.

How will your product reach your customers?

My product will reach my customers by going on social media and seeing my promotions on my business. They will be able to purchase my product on my website and will physically get it by delivery where I'll deliver the product to them through the post.

Resources: Physical and human

Physical resources	Description and how they will be obtained	Estimation of costs
Virgin Coconut Oil	It's an oil which I will be getting from Boots.	The cost of virgin coconut oil is £2.54.
Virgin Olive Oil	It's an oil which I will be getting from Amazon.	The cost of virgin olive oil is £4.95.
Dried herbs	They are herbs that have been dried and often crushed, which I will be getting from Amazon.	The cost of dried herbs is £3.99.
Peppermint Essential Oil	It's an oil which I will be getting from Amazon.	The cost of peppermint essential oil is £2.49.
Honey	It's a substance made by bees which I will be getting from Asda.	The cost of honey is £3.50

Human resources	Description and how they will be obtained	Estimation of costs
Friends/Family	They can help me run my business as it's illegal for me to get any employers.	The cost will be nothing.

Resources: Financial

The table below will help you work out your **costs**. It should include all the costs associated with getting your micro-enterprise going, including marketing, room hire, etc.

Start-up costs	Running costs	Production costs/ cost of sales
Virgin Coconut Oil	10% of the phone bill	All my raw materials will cost £17.47 in total for one big bulk of oil. For a small one it'll be £2.49
Virgin Olive Oil	Virgin Coconut Oil	The phone bill will cost about £4.
Dried Herbs	Virgin Olive Oil	
Peppermint Essential Oil	Dried Herbs	
Honey	Peppermint Essential Oil	
	Honey	

Financial information: Costs and revenue information for break even

Costs and revenues for <i>micro-enterprise name</i>			
Number of units	0	5	10
Sales revenue	0	35	70
Fixed costs	£4	£4	£4
Variable cost	0	£12.45	£24.90
Total costs	£4	£16.45	£28.90

Break-even calculation
1.12 I will need to sell 2 bottles of my oils before I make a profit.

Financial information: 12-month cash flow forecast

Cash flow forecast for <i>enterprise name</i>												
	Month 1 £	Month 2 £	Month 3 £	Month 4 £	Month 5 £	Month 6 £	Month 7 £	Month 8 £	Month 9 £	Month 10 £	Month 11 £	Month 12 £
Cash inflows												
<i>Inflow 1</i> ¹	14	21	28	21	35	35	21	28	14	21	28	35
²												
Total inflows	14	21	28	21	35	35	21	28	14	21	28	35
Cash outflows												
<i>Outflow 1</i> ¹	£17.47	£18.00	£20.00	£18.00	£21.00	£21.00	£18.00	£20.00	£17.47	£18.00	£20.00	£21.00
¹												
<i>Phone Bill</i>	£4	£4	£4	£4	£4	£4	£4	£4	£4	£4	£4	£4
Total outflows	£21.47	£22.00	£24.00	£22.00	£25.00	£25.00	£22.00	£24.00	£21.47	£22.00	£24.00	£25.00
Net cash flow	-£7.47	-£1.00	£4.00	-£1.00	£10	£10	£1.00	£4.00	-£7.47	-£1.00	£4.00	£10

¹ Please add additional rows as required to detail each type of cash inflow/outflow. This table can be reproduced in a spreadsheet if required.

Opening balance	£50	£42.47	£49	£50	£54	£49	£60	£51	£54	£42.53	£49	£54
Closing balance	£42.47	£49	£54.00	£49	£60	£60	£51	£54	£42.53	£49	£54	£60

Financial information: Profit and loss account ³

Product sale price	The price of my product is £7
Cost to make	The cost of the materials used to make the product is £17.47 to make one big bulk of oil but for a small one it will be £2.49.
Monthly sales	<p>Month 1 = 2 sales</p> <p>Month 2 = 3 sales</p> <p>Month 3 = 4 sales</p> <p>Month 4 = 3 sales</p> <p>Month 5 = 5 sales</p> <p>Month 6 = 5 sales</p> <p>Month 7 = 3 sales</p> <p>Month 8 = 4 sales</p> <p>Month 9 = 2 sales</p> <p>Month 10 = 3 sales</p> <p>Month 11 = 4 sales</p> <p>Month 12 = 5 sales</p>
Monthly expenses	<p>Raw materials:</p> <p>Month 1 = £17.47</p> <p>Month 2 = £18.00</p> <p>Month 3 = £20.00</p> <p>Month 4 = £18.00</p> <p>Month 5 = £21.00</p> <p>Month 6 = £21.00</p> <p>Month 7 = £18.00</p> <p>Month 8 = £20.00</p> <p>Month 9 = £17.47</p> <p>Month 10 = £18.00</p> <p>Month 11 = £20.00</p> <p>Month 12 = £21.00</p> <p>My phone bill will cost £4 monthly.</p>
Sales turnover	<p>Month 1 = £14</p> <p>Month 2 = £21</p> <p>Month 3 = £28</p> <p>Month 4 = £21</p> <p>Month 5 = £35</p> <p>Month 6 = £35</p> <p>Month 7 = £21</p> <p>Month 8 = £28</p> <p>Month 9 = £14</p>

³ This table can be reproduced in a spreadsheet if required.

	Month 10 = £21 Month 11 = £28 Month 12 = £35
Cost of sales	Month 1 = £4.98 Month 2 = £7.47 Month 3 = £9.96 Month 4 = £7.47 Month 5 = £12.45 Month 6 = £12.45 Month 7 = £7.47 Month 8 = £9.96 Month 9 = £4.98 Month 10 = £7.47 Month 11 = £9.96 Month 12 = £12.45

Profit and loss account⁴
(Statement of comprehensive income)

Micro-enterprise name	
Profit and loss account (statement of comprehensive income) for the year ended xxxx	
£	
Sales	301
Cost of sales	107.07
Gross profit	193.93
Expenses	
£	
Phone Bill	48
Total Expenses	48
Net Profit	145.93

⁴ This table can be reproduced in a spreadsheet if required.

Risk assessment: What are the threats?

Lack of entrepreneurial skills is a threat faced by the business	Lack of entrepreneurial skills is a threat to me as other people have had training and have done courses to have the skills to become an entrepreneur whereas I am unable to do so as I'm still in school.
Advertising and promotion are a threat posed by competitors	Advertising and promotion are a threat to me as competitors who have a similar business to me have a bigger budget, meaning they can promote their business in better ways than mine, which raises more awareness of their business. Since I have a £50 budget, I cannot do many big advertisements to promote my business.
Competitors is a threat posed by competitors	Competitors is a threat to me as for example, Perfection Hair and Beauty in Great Bridge Tipton have high star ratings and excellent reviews. This is a threat as they are likely to get more loyal customers. This means they have more experience or training etc which I don't have as I'm still in school.
Customers is a threat posed by competitors	Customers are a threat to me as other entrepreneurs with a similar business to mine could gain more customer loyalty, decreasing the number of customers buying my product. Due to this, why would customers come to my business if there were other businesses that customers would be more interested in.
Products are a threat posed by competitors.	Products are a threat to me as other entrepreneurs could come up with another product like mine, with possible enhancements which could grab other customers or my customers' attention. Due to this, other people may be interested in that product made by another person meaning I won't get any customers and my business would fail.
Lack of customer interest is a threat faced by the business	Lack of customer interest is a threat because once again, other people would be more interested in other businesses/products, meaning there wouldn't be that many interested in mine. They might want to be more interested in someone else's business/product who has possibly had training etc.

From this, how will you beat your competitors?

I will beat my competitors by making sure people see how good my skills are by trying out my product, testing out my service which will prove I do have enough entrepreneurial skills. I will also beat them by advertising in a way where I will get a good number of costumers to see my business and to see what it's about, making them interested in my business/product. Another way is to make sure customers like my product leaving exceptional reviews and ratings to get me more customers interested in my business/product than other entrepreneurs who I am in competition with. I can also

beat my competitors by gaining more customers and I will do that by letting them know how good my business/product is and proving it to them by allowing them to buy it and try it out. I will beat my competitors by making sure my product works perfectly and helps my customers which will get more customers happy and loyal with my business/product, and I will do that by making sure I get the correct raw materials that will help my customers. I will beat my competitors by making sure a lot of customers get interested in my business/product by once again making sure my product is useful and helpful to my customers which will keep them loyal.

Judgement of viability (financial data, safety, ethicality, legality, environmental)

My business idea will have a chance of being successful. A reason for this is financial data. For example, my budget to start up my business was £50, and to make one big bulk of hair oil costs me £17.47 and for a small one it will be £2.49, which is not expensive to start up my business. Secondly, regarding my cashflow forecast in February, I predict I will make 3 sales and my outflow for that month would only cost me £18.00 and my closing balance would be £49.00. Thirdly, my breakeven output would be that I will need to sell 2 bottles of my oils before I make a profit. Fourthly for my margin of safety, in month 6 (June) my number of sales would be 3 as my breakeven is 2 sales and I originally predicted 5 sales for that month. Therefore, the data clearly shows that my business will be a success. Another reason is legality. I will not be doing false advertising I will make sure I tell the truth about my business which will make it successful. Also, one of the reasons is the environment. This is where, for my sustainability of raw materials, the bottle which has my oils in will be reusable which also helps with the disposal of waste risk as my bottles can be used multiple times without it going to waste. An additional reason is safety. For this, I don't need to get together the safety for employees as I cannot have any due to my age, however, moving forward in the future if I am successful in my business then I will have the safety of my employees assured. Also, with undertaking training, I don't currently have to do that as I will not have any employees but in the future, I will have to train them with aspects like helping make the product, delivering a service etc. My final reason is ethicality. At the moment, my resources are not ethically sourced but, in the future, I will be hoping to make them ethically sourced, but this will increase expenses.

Appendices



Pearson