

**The Factory Events: Business Plan for the Creation Of A Company in the United Kingdom**

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## Resumo

O mercado de planeamento de eventos no Reino Unido é um mercado vasto e complexo, apresentando-se, em linhas gerais, como um dos grandes impulsionadores do crescimento económico, sendo um dos sectores que mais contribui para a criação de emprego nesse país. No entanto, no que concerne aos eventos particulares, nomeadamente festas de aniversário infantis e outras comemorações de âmbito pessoal, embora os *players* vão crescendo a nível nacional e regional, notou-se uma oportunidade por preencher no mercado, nomeadamente na cidade de Nottingham.

Essa lacuna encontrada, que tanto tem crescido em Portugal, é a do mercado de eventos personalizados, feitos à medida do orçamento e requisitos do cliente, sob um tema pré-definido à volta do qual serão produzidos os efeitos decorativos, que incluem não só decorações do espaço propriamente dito, geralmente artesanais, mas também do que consta da mesa - o chamado *sweet table design*.

E se em Portugal a oferta de serviços de planeamento de eventos comemorativos tem aumentado exponencialmente nos últimos anos, apesar do clima de recessão económica que se tem feito sentir, acompanhando uma tendência que tem já décadas nos Estados Unidos ou no Brasil, acredita-se que haja ainda maior potencial de mercado ainda não explorado em algumas regiões de Inglaterra, país com uma economia sólida e um forte poder de compra.

O presente plano de negócio resume o processo de criação de uma empresa de eventos personalizados em Nottingham, no Reino Unido, com vista a preencher este espaço no mercado e com baixo investimento inicial – de apenas £7000. Para tal, procedeu-se a uma análise geral do ambiente económico do país, passando depois para as especificidades da região, nomeadamente através de um estudo de mercado com vista à análise de concorrência e a potencial adesão local ao serviço.

Por fim, o plano financeiro comprovou a viabilidade do negócio e a possibilidade de um rápido retorno de investimento.

Palavras-Chave: Plano de Negócio; Empreendedorismo; PME; criação de empresa

## **Abstract**

The events planning market in the United Kingdom (UK) is somehow a vague and complex one, presenting itself, in general terms, as one of the economic growth triggers as it is one of the sectors that contributes the most to job creation in the country. However, in which concerns the private events sector, namely children birthday parties and other personal celebrations, although the players are growing both nationally and regionally, there is a gap to fill in the market, namely in Nottingham, which constitutes an opportunity.

This newly found opportunity in a market that has grown so much in countries like Portugal is in the segment of the customised events market, planned according to the clients' requests and budget, under a pre-defined theme from which the decorative items, generally handmade, and the so-called sweet table design are created to match. And if in Portugal the supply for this kind of service has grown exponentially, although the economic recession context, it is believed that there is even more market potential to explore in some British regions, a country with a solid economy and relatively high purchasing power.

The present business plan resumes the process of creating an events planning company in the UK that aims to fill that existing gap in the market, with an initial investment of only £7000. For that purpose, the general economic environment was analysed in detail, as well as the local specificities, such as a local market research to understand the competition and to understand the potential local demand. Finally, the financial plan proved the business' viability and the possibility of a quick return on the investment.

**Key Words:** Business Plan; Entrepreneurship; SME; New Venture

## **Aknowledgements**

Thank you to those who enabled the creation of this project - my parents and Professor António Robalo.

## **Abbreviations**

DIY – Do It Yourself

EEA/EFTA – European Economic Area/ European Free Trade Association

EU – European Union

GBP – Great British Pound/Sterling Pound

GCI – Global Competitiveness Index

ONS – Office of National Statistics

UK - United Kingdom



## Sumário Executivo

O presente plano de negócio surgiu de uma motivação pessoal da autora, que pretendia aliar o que mais gosta de fazer – decorações artesanais – e a vontade de criar um pequeno negócio com potencial de crescimento. A área de Nottingham foi a escolhida uma vez que a autora residia na cidade à data da criação do projecto e verificou que essa seria uma boa opção, uma vez que existia uma lacuna no mercado local e os primeiros *insights* que recebeu de colegas e amigos locais alimentou essa percepção; por outro lado, a cidade e universidade têm uma grande oferta de apoio ao empreendedorismo, o que constituiu mais um factor de motivação.

O plano tem como objectivo a criação de uma empresa de eventos personalizados ao domicílio ou em outros espaços pretendidos, ligados a comemorações de aniversário. Numa primeira fase, o foco estratégico será o mercado infantil, por se acreditar no grande potencial de procura, no consequente “word of mouth” que este sector poderá trazer e também por uma questão de foco, de modo a transmitir credibilidade ao cliente, que ainda não conhece a empresa.

A estrutura é a de um pequeno negocio, inicialmente sem mais funcionários fixos, com baixo investimento inicial, necessário para cobrir as despesas iniciais de criação do negócio e compra de stock, proveniente de poupanças pessoais – e consequentemente baixo risco - e com espaço físico no mesmo local de habitação (parte da casa correspondente ao escritório, cozinha e garagem, que entram nas despesas de arrendamento).

Os principais objectivos com a criação deste projecto prendem-se não só com a criação de uma empresa pioneira nesta área – a única empresa local que oferece um serviço completo, desde as decorações ao entretenimento, de acordo com um orçamento pré-estabelecido e numa abordagem personalizada – que a médio prazo se pretende que seja escalável e que permita a criação de emprego local.

Para a elaboração do projecto, foi feita inicialmente uma revisão bibliográfica sobre o estado da matéria de empreendedorismo no Reino Unido e uma breve revisão de conceitos acerca da importância do plano de negócio. De seguida foi definida a ideia, objectivos e estrutura do

negócio, principais aspectos legais e burocráticos envolvidos. Seguiu-se o estudo da indústria e do mercado, através da análise de resultados de um questionário feito localmente, que pretendeu prever o potencial do serviço em termos de procura. Foram também analisados os aspectos referentes à conjuntura económica, política e social do país, bem como outros aspectos de importância, na análise PESTEL. Seguidamente foi feita uma análise da concorrência local e nacional, de modo a entender que força tinham estes concorrentes, directos ou indirectos. Com base nesta, foi feita uma análise SWOT e em seguida o plano de marketing, parte fundamental do projecto, onde se definiu, principalmente, as estratégias de comunicação e de preço.

O capítulo referente à logística e cadeia de fornecimento pretende ilustrar, de forma simples, quem são e como serão feitos os fornecimentos de matérias-primas e outros produtos do serviço.

Seguidamente, o plano financeiro pretende, em resultado de tudo o que foi desenvolvido anteriormente, demonstrar a viabilidade e potencial crescimento do negócio num futuro relativamente próximo – 5 anos.

O capítulo 5 refere-se a potenciais parcerias no âmbito do empreendedorismo, que poderiam eventualmente levar este negócio ao encontro de investidores no futuro, caso se verificasse essa necessidade, que não será explorada neste trabalho.

# 1. Introduction

The origin of the idea of developing this project has various reasons. First of all, the author of the project has always had a passion for planning and organising small events (at home, for family and friends) thinking of every detail using reusable materials and combining it with handcraft ideas to produce DIY (“do it yourself”; handmade) decorations. With a hand of a friend that was skilled in cake design, they used to do simple but appealing decorations, mainly for birthdays, in their free time.

In Portugal, these type of events’ production are now developing as businesses; the times of buying plastic cups and cutleries and doing a few desserts for children’s birthdays are now gone and this sector boomed in the last years in this country.

From little entrepreneurial projects held mainly by young graduates to bigger companies, in Portugal there are already two hands full of competitors in this sector. As Reis (2015) showed in a recent article by *Expresso* newspaper, the demand is so high that some of these companies are fully booked early in the year and some parents booked already the next years’ parties to ensure they have the same standards of quality in the forthcoming events. It was also interesting to learn that besides the existence of a few competitors in this country – and considering the relatively high prices of these events – the supply cannot answer to all demand as the target market is not only middle or upper class, but every parent who wants to provide an unforgettable experience to their children, which, in some cases, means saving throughout the year.

In the UK the scenario does not seem to differ, with parents spending an average of around £212 in their children’s homemade parties. However, and as it will be shown throughout this project, the market there focuses on parties where fun is the main element – such as hiring entertainment services like clowns, face paintings, inflatable castles, and so on – or extreme luxury, with extravagant scenarios and even celebrity guests taking part of it.

Given all these factors, the author of this project decided to venture in this business, by developing a business plan to launch a company in the UK, more precisely in Nottingham, East Midlands.

The choice of the UK as a country to develop this project has some reasoning behind. First of all, the author was residing there at the time when the idea was first thought of; secondly – and perhaps most importantly – the UK has a strong economy, is recovering positively from

the 2008 recession period (BBC, 2015). It is politically and economically stable, with London as one of the world's financial centres. Moreover, the government is focused on promoting entrepreneurship with various kinds of incentives such as benefits, incubators and events. Thirdly, there is a gap to fill in the market with this kind of events, which will be explored in depth further on.

For this project's conception it was initially made a bibliographic revision about the state of play in entrepreneurship literature in the United Kingdom and a brief concepts' revision about the importance of a business plan. Consequently the idea was defined, as well as the objectives and the business structure and the main legal aspects involved. It was then developed an industry and market research, through the analysis of a local survey, which intended to predict the potential of the service in terms of demand. There were also analysed the aspects concerning the economic, political and social context of the country, as well as other relevant aspects, by using the PESTEL framework. Moreover, the local and national competitors were analysed so that the importance of these direct and indirect players was clear. Based on this, a SWOT analysis was developed and then the marketing plan, a fundamental part of the project where the communication and pricing strategies were defined. The section referring to logistics and supply chain aims to illustrate, in a simple way, which and how the supplies of raw materials will be done.

The financial plan chapter, as a result of everything that was previously explained, intends to show the feasibility and growth potential of the business in a relatively near future – 5 years. Finally, chapter 5 will address potential partnerships in the entrepreneurship scope, which could eventually lead this business to investors in the future, in case that need was found, which will not be addressed in this plan.

## **2. Literature Review**

### **2.1. Entrepreneurship**

As in many other aspects of social sciences, there is no consensus or single definition of entrepreneurship.

Schumpeter (1934), an important contributor to this field, put it as “the doing of new things or the doing of things that are already being done in a different way”; Kirzner (1973; 1999) talked about perceiving new opportunities in order to bring some equilibrium to the market, adding some criticism to Schumpeter’s views.

Many other authors seem to have picked important parts of the definition as we can see it today, but it was only in the 1990s that Morris (1998) gave it a broader, complete meaning, by defending entrepreneurship as a “process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organisational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies” (Morris, 1998: 16).

Burns (2011) after analysing definitions from the 18th century to the late 1990s, and after many years emerged in the study of this business field, defined entrepreneurs as individuals that “use innovation to exploit or create change and opportunity for the purpose of making profit (...) by shifting economic resources from an area of lower productivity into an area of higher productivity (...) accepting a high degree of risk and uncertainty in doing so” (Burns, 2011: 13). By this definition, Burns completes the existing views of entrepreneurship, which initially tended to use this term as a synonym of owning a business. In their studies of firm growth, Gupta et. al (2013), following the work of Kuratko (2009), highlight the difference between business owners, that normally seek for stability in terms of sales and profits and the entrepreneur – who tends to have a more driving ambition, seeking high growth through innovation and big profits. Importantly, the authors point out that growth can have different meanings and can happen through revenue generation, value addition or business volume. Growth – or its envisioning - is, therefore, the main difference between entrepreneurship and owning a business. Although this seems to be a fair distinction, there is no consensus regarding the literature and even common sense on this subject, as both expressions are often used equally, hence the word “entrepreneurship” in the provided examples and studies

mentioned throughout this assignment do not necessarily distinguish between higher or lower profit seeking cases.

To understand what are the common views by people about entrepreneurship, its drivers, success factors and barriers, it is worth taking a look at the results of a study requested by the European Commission and its Directorate-General Enterprise and Industry – the Eurobarometer Survey on Entrepreneurship in 2012. It was done to 42,000 respondents from different social and demographic groups from the 27 EU countries, EEA/EFTA countries (Norway, Iceland and Switzerland) and other non-European Union countries such as Brazil, Israel, India and Russia.

In 2012, 37% of the respondents stated they preferred to be self-employed than working as an employee in a company.

The main drivers to wish to become self-employed pointed out by the answers of this study were related to dissatisfaction with employers, will of freedom, self-fulfilment and having a proper business idea that meets a marketing need, as well as contacts with venture partners. The main obstacles, in the other hand, were related to lack of financial capacity, disbelief of the current economic climate (crisis), lack of confidence/skills, having no business idea or fearing risk.

Amongst the risks, respondents stated, by order, that the risks that they feared the most were bankruptcy, losing their homes and other goods, not being self-sufficient, lack of job security or that the business becomes too time consuming.

It is curious to notice that the three quarters of the EU respondents did never take part of a course nor did an entrepreneurship-related activity.

According to the same source, in collaboration with Business Insider magazine, in 2015 a report showed that the countries with the biggest number of entrepreneurs are Uganda, Thailand, Brazil, Cameroon, Vietnam, Angola, Jamaica, Botswana and Chile. This is explained by the need of the population to strive in poorer economies, with less job opportunities – these entrepreneurs feel the urge to create their own employment. In contrast, and according to the World Economic Forum's global entrepreneurship report (Leveraging Entrepreneurial Ambition and Innovation: A Global Perspective on Entrepreneurship), European countries, including the most developed economies like Germany, United Kingdom and Switzerland are considered “neutral” economies in which concerns entrepreneurship metrics (World Economic Forum, 2015).

Hence, it can be concluded from the literature review that there are certain characteristics that are commonly shared by entrepreneurs. These tend to be ambitious risk-takers, innovators and self-confident individuals (Kirzner (1999); Stanbridge and Davis, 2015, and many others).

The European Commission is committed in the promotion of entrepreneurship by including it in its Europe 2020 Strategy growth plan and by recognizing its importance in economy in terms of sustainable growth (Eurobarometer, 2012).

### **Importance of Entrepreneurship to the UK economy**

Cowling et al (2015) concluded that even though recession periods like the 2008 recession in the UK take their toll on small businesses, entrepreneurs recover quite quickly in comparison with bigger firms, playing an important role in the recovery period. Stanbridge (2015), from the London Chamber of Commerce and Industry, shares the same point of view, indicating entrepreneurship as an important tool of recovery from the recession years, namely through job creation. The author estimates that there must be created around 490,000 jobs through entrepreneurial initiatives to meet the current estimated forecasts.

## **2.2. Start-Ups and SMEs**

In the UK, entrepreneurship is associated with start-ups (World Economic Forum, 2015). According to the UK Government statistics from 2013, the vast majority of the UK businesses are Small and Medium Enterprises (SMEs) with around 75% of all businesses being classified as with “no employees”, term referring to sole proprietorships or partnerships where the only employed people are the owner managers. Since there is no consensus in the literature of a single definition for Start-Up or what differentiates it from an SME, it will be assumed that both sources stated above refer to the same – the new venture creation.

A start-up can be defined as a venture based in an innovative idea that develops into a high-growth company (Timmons and Spinelli, 2009), where the concepts of innovation and growth can be arguable and differ according to perspectives, since there is no official quantitative definition associated with the concept so far. Banks (2010), an experienced entrepreneur from Silicon Valley, defines a start-up as an organisation that is created in order to search for a repeatable and scalable business, whether a small business is more of a “lifestyle business”, something that tends to stay small in size, whether if profitable or not. However, many other

authors define it differently and most experts on the subject define it as a project in its inception. Some other authors associate start-up with the high technology adoption; others defend high tech is not a mandatory element (Start Up Lisboa, 2015), although most of all seem to agree on that these have highly innovative products or services. Again, the concept of innovativeness can be discussed – is innovation only related to disruptive businesses like Google or LinkedIn or if an entrepreneur enters an existing market with a slight difference that is enough to create demand is also being innovative - and how innovative? *Start Up Lisboa*, a Portuguese incubator for entrepreneurship claims that companies like H3 (Portuguese burger chain) are or were once start-ups, following these definitions, but even that can be debatable – how many social media platforms failed before Facebook succeeded? Were they not disruptive? Is a burger chain an innovative concept? Or did H3 differentiate itself because of its origin (Portuguese)?

The definitions and the illustrative case studies vary a lot and in most cases it seems to have been a combination of factors that led to the success – and not just because these were disruptive projects. Perhaps they were planned in a certain way, or maybe some key elements differentiated them or added value to the market, but not the whole business.

Hence, this project is considered to be the creation of a small business that intends to start small and local and gradually escalate, in order to make it profitable.

### **Success Factors**

Kander (2014), an experienced entrepreneur, approached the main reasons for new business failure, from which there can be lessons learned in order to understand the success factors as well.

Hence, apart from knowing the customers' needs and their willingness to pay to solve their existing problems, it is very important to research about existing assumptions that first led to the creation of the idea, in order to validate their truth and turn these into facts. And both the search for costumers and the test of assumptions must be done before any other investment take place.

### **Main reasons for failure**

One of the main reasons appointed by many authors and seen in many entrepreneurial cases is the lack of strategic planning, or simply the lack of planning. Timmons and Spinelli (2009) point out that one of those common strategic mistakes has to do with thinking “too small”. As



the author points out, “the chances of survival and success are lower in these small, job-substitute businesses, and even if they do survive, they are less financing rewarding” (Timmons and Spinelli, 2009: 105). Also, mismanagement, undercapitalisation and poor locations are factors likely leading to failure.

However, Kander (2014), highlights that the main reason pointed for the high rates of new venture creation failure are associated with a more basic factor: the bad acceptance of a product or service. It does not necessarily mean that the idea was not extensively planned, but that there is no market for it. Kander defends that the vast majority of entrepreneurs follow the steps of developing the idea, building the product or service, branding and then finding costumers and when they find out the idea has no potential costumers, they step back to the initial steps and do it again with a different approach, spending valuable resources with this process, rather than studying the market potential in first place.

Also, it is important to consider that because a business, service or product solves a potential problem, it does not mean necessarily that people would pay to solve that problem. Not studying the potential market for an entrepreneurial idea may be the single element that can lead to failure, no matter how much dedication and resources are put into the project (Kander, 2014).

## **2.3. Business Plan**

### **What is a Business Plan**

The importance of a business plan is transversal to all types of businesses for the same reason: it helps crystallising the business idea and to think through possible upcoming problems before they arrive and also helps keeping the entrepreneurs focused towards their objectives. Also, the formal written plan helps attracting investors as it shows preparing (Burns, 2007). However, Timmons and Spinelli (2009) and observational experience and evidence from great entrepreneurs and leaders (such as Bill Gates from Microsoft or Jamie Fuller, from SKINS, famous for his very unconventional management style, for example) show that not always an exhaustive planning is needed. However, this option is normally associated with outstanding skills or experience, which is not the case of this new business creation.

Moreover, and keeping in mind that in the future this business might look for financial investment, having a solid and realistic business plan is necessary to attract and pitch potential investors.

### **3. The Business Plan**

As explained in the Literature Review section, a business plan is essential to guide and shape the strategy of the business since its inception and throughout the years, as it allows an easier comparison with the expected and actual results. It is also a must when trying to attract financial investor's attention.

However, nowadays, new entrepreneurs, especially the ones linked to start-up ventures, defend that business models are more adequate than business plans. One of these models is the Canvas Model. According to Banks (2010), a business model is better than a business plan because it shows how the different elements of the plan interconnect.

However, an extensive business plan was developed about this entrepreneurial project, as this way is easier to address all important details and in the future, a Canvas Model might be drawn to summarise it for a matter of adaptability (i.e., if pitching it to investors).

#### **3.1. The Idea**

The general idea behind this business plan is to create a service that plans, creates and organises totally customised events at people's homes. The main idea, however, is that the majority of the decorative items are handmade (or the so-called DIYs) and the party is planned according to a budget, stipulated by the client, where "the sky is the limit".

The initial investment will be low, as the main materials used are not expensive and are reusable, as will be explained further on. Also, the initial investment is low as it is a very small business, ran essential by three people – at least in an initial stage. The service's main element is, with no doubt, the aesthetical decorations based mainly in "sweet table design" elements, where all the decorations and smaller sweets match the main cake within a determined theme, where every detail matters.

As mentioned in the beginning of the report, it is an idea that already exists, namely in Portugal and Brazil, but not very common yet in the United Kingdom.

For a matter of focus and balanced strategic planning, the first target will be children's birthday parties where the main target market will be the parents.

Some examples were retrieved from existing Portuguese players' portfolio in order to easily illustrate the concept, and can be seen in the images below.



Figure 1 Girl's theme example. Source: <https://goo.gl/NBlesK> and <https://goo.gl/Wzn3D7>



Figure 2 Boy's theme example. Source: <http://goo.gl/F0G11F>

### 3.1.1. The Company

The company will be based in Nottingham, Nottinghamshire, in the United Kingdom.

Nottingham is an entrepreneurial city, with four main business incubators (and eventful

entrepreneurial centres such as The Next Generation, The Creative Quarter, Enterprise Lab and The Hive, the latter belonging to Nottingham Trent University. Since the author of this project studied in this establishment, there are inherent advantages about using their services if needed, in a later stage. Hence, the project will perhaps be revised under The Hive supervision under its three year programme called *SmarTrak* which is intended to help with the crucial part of the business: its launching. Within the first three years of the business, The Hive might this way collaborate with the development and improvement of the idea and the structure of the plan and, even more importantly, with acquiring customers and prove the value of the business in the marketplace, in exchange for a stake of 1% to 3% over profits. Moreover, and as importantly, The Hive provides valuable access to networking events and awards that can help further access to funding. In a later stage, The Hive can be a good contact to take this project to investors, once it achieves enough stability to seek for growth.

### **3.1.2. Structure of the Business (sole proprietorship)**

The existing possibilities of business structures in the UK are: sole trade, limited company, ordinary business partnership, limited partnership, limited liability partnership and unincorporated association (UK Government, 2015).

This business will consist of a sole proprietorship (sole trade), at least in the first year or two of the business. It might eventually become a shared proprietorship – private limited company – limited by shares in case the project grows or attracts, in the future, funds from investors that might enable growth and the risk of expansion is taken; this approach would be good not only in terms of management but also to protect the owner/director in case there are debts, as in this case the director is not personally responsible for debts the business cannot pay and the shareholders are only responsible according to their share amount (UK Government, 2015). However, for a matter of tax relief purposes this plan will approach the foundation of the business, as a sole proprietorship.

A sole proprietorship is a business structure held by individuals that run their own business and are self-employed (UK Government (2015)). By this, there are inherent duties and responsibilities towards the government and tax and custom's authority (HMRC) that will be explained further in the Accounting and Tax section.

### **3.1.3. Establishment of the business**

There are some rules and legal procedures to establish a sole proprietorship business in the UK, as mentioned before. The main ones are related to the creation and registration of the brand, its maintenance and protection, within all the legal requirements implied. Also, aspects related to employment and accountings are explained below.

#### **Brand Registering**

First, and according to the Government (2015) the rules for choosing a name must be followed – i.e., the name must be unique, non-offensive, not alike any existing brand name and not suggest any connection to government or authorities - although there is no need to register it in the Companies House (and therefore is exempt from payment). Nevertheless, it will be registered as a trademark, so that no one can use the brand name and to make it harder to encourage similar names, especially in the same industry. This registration takes up to four months to be approved and lasts for ten years at a cost of £170 to which are added £50 for each class<sup>1</sup>. The classes are the sector(s) in which the business operates and it is necessary to define these in order to have a trademark applied to these classes.

In this case, The Factory – Your Ideas in Our Hands is an available name/signature that responds to all legal rules mentioned above and consists of 2 classes – class 41: Education; providing of training; entertainment; sporting and cultural activities” and class 43: “Services for providing food and drink; temporary accommodation; restaurant, bar and catering services; provision of holiday accommodation; booking and reservation services for restaurants and holiday accommodation; retirement home services; creche services.”

In sum, the price of registering the brand as a trademark is of £270 (£170+£50+£50).

The website must also be registered and its renewal must be done every two years. To register the domain [www.factoryevents.co.uk](http://www.factoryevents.co.uk) it is free in the first year and £4 every year, with a hosting fee of £24.99 per year.

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<sup>1</sup> *Classes* refer to the classification system that indicates the list of goods/services the brand is going to be used in

## **Brand renewing**

In order to ensure proprietorship of the name, the brand name must be renewed, by a payment of £60 every year and £250 every ten years in order to renew the trademark associated with the two classes (£200 for trademark renewal and £50 for the second class).

## **Brand Copyrights**

By obtaining a trademark registration, The Factory Events will be protected and will be able to use the symbol of a registered brand in front of its name (®), discouraging others from copying it; take legal actions against anyone using the name inappropriately and eventually sell and license the brand (Uk Government, 2015). However, there are no associated copyrights regarding the products done (crafts), as the author has no authorship over them. On the contrary, the author might request a license for using copyrights of children's favourite brands (such as Mattel or Disney), in order to use these freely, in the long term.

## **Accounting and Taxes**

Regarding the accounting and finance, and according to the same source, the entrepreneur must register with the HMRC in the first instance, in this case with a "New Business". It is possible to register online and have access to the account at any time. The approval of this process takes about ten working days and should be done right at the inception of the business.

Secondly, records of both income and expenses must be kept in order to be shown in case the HMRC authority asks in order to send a tax return and deduct the costs in order to know the taxable expenses. These records include all sales and income, business expenses (office, property, equipment, van, travel, clothing, staff, resale, legal and financial costs, marketing, entertainment and subscriptions' costs), VAT (Value Added Tax) records, PAYE records ("Pay As You Earn" system for national insurance and income tax payments for the workers) and the personal income of the entrepreneur, in this case.

Regarding the National Insurance, the law demands the payment of two different taxes: Class 2 and Class 4 contributions. The first consists of a £2.80 weekly payment and the second one 9% on profits between £8,060 and £42,385 or 2% on profits over £42,385. The first situation is the expected one for the first year; hence only class 2 contributions will be paid.

The accounting method will be in “Cash Basis” as for the first year the profits are expected to be below £82,000 – as this is the limit established by the local government to apply for this accounting approach. This would be advantageous for a small business as the income and expenses would only be recorded after receiving the money from the costumers or after paying a bill, meaning it would not be necessary to pay taxes before the money has actually been received. Also, there is no need to register for VAT if the VAT taxable turnover is up to that value, which is the case.

The tax payments in the UK are done twice a year – January 31 and July 31.

### **Employees Contracts/HR**

Initially, the only full-time employee will be the owner of the business, retrieving a full-time, 40 hour a week working salary. The other two collaborators will be an occasional worker and a freelance designer.

The second worker will be employed as a partial collaborator, with a zero-hour contract, which is included in the “irregular working hours” type of contract. In this type of agreement, previewed by the Government, the employer does not need to ensure a minimum of working hours or any kind of workload. The employee must be available upon call – and will be only called after the end of his full-time job working hours, or in between shifts, on Friday and Saturday. Regarding his rights, the employee is entitled to a statutory annual leave according to the worked hours, so assuming a workload of around 20 hours a week the employee is entitled to 5 paid days off a year, but this value will vary according to the hours worked.

Concerning the payment, it will be paid a value close to the minimum wage. According to the UK law, there is no monthly-stipulated value as it is calculated per hour so it varies according to the worked hours. Hence, the minimum payment per hour is that of £6.70 before tax and it will be paid £7.

Regarding the Health and Safety responsibilities, it has just been launched a new law that exempts self-employed of this, if the type of business does not risks others, which is the case. Finally, the designer, whose work is needed on a regular basis (for invitations, labels, identity creation), will work on a freelance basis, whenever needed. Under this regime, workers look after their own National Insurance contributions and are not subject to a minimum wage.



Hence, for an average of 7 hours worked, at a rate of £10.50 per hour, the designer will have a cost of £73.5 per party, initially.

#### **3.1.4. Nature of the Business**

The Nature of the Business, as mentioned in the previous section, is of both entertainment services/events planning and services for providing food and business, according to the classifications provided by the brand registration process. However, in realistic terms, it is a business of events planning and entertainment rather than a service of providing food and beverage, as there is inclusively the option of not requesting the catering service for the events.

#### **3.1.5. Vision, Mission, Values**

The Vision of this company is to be the pioneer and become a recognised leader in this segment of events planning, with the combination of original decorations and sweet table design to all kinds of targets.

The Mission is to work hard to ensure the delivery of totally customised, creative events, where every detail matters - since the careful planning to the execution, fulfilling the customer's dreams with a hassle-free solution.

The main values of The Factory are the passion, commitment, creativity and integrity, in a friendly approach to the customer.

#### **3.1.6. Background/Business History**

The origin of this business comes from a hobby and a passion of the author for art crafts and the desire of creating and developing a business.

With the study of various entrepreneurship-related courses during university, and the creation of numerous fictional entrepreneurial ventures, the author decided it was time to develop a real business plan, combining the existing skills, a passion and the willingness to learn more. Moreover, by living in Nottingham, a very entrepreneurial city, this idea became a real desire over time.

This business plan is expected to be the beginning of the author's entrepreneurial journey.

### **3.1.7. Business Objectives**

In the short-term, this business intends to be a small, sustainable business, ensuring, in the In the short-term, this business intends to be a small, sustainable one, ensuring, in the first year, the effective running of its operations; the main goal is not to have any losses in the end of the year and with enough profits to expand the team in the second year in order to acquire more business.

As it will be shown in the financial sector, the forecasts were only estimated for the next five years, as this will start as a very small business and the focus is now on the launching and first year.

The client base is expected to grow so that profits increase, year by year. In the first year the total of revenues generated by sales are expected to be of around £50,000 and by the end of the first five years, the revenues are expected to hit £393,600 in the end of the year, with net profit of around £70,000, with a team of 4 fixed elements and 8 collaborators. The profit margins are expected to increase in around 80% in those five years and it important to clarify that this increase, with a relatively small increase in the team size even when compared to the beginning, is not due to overpressure on the existing workforce but because in the first year, although the workforce would enable it, only a few parties will be produced to ensure quality and minimise possible mistakes due to lack of experience.

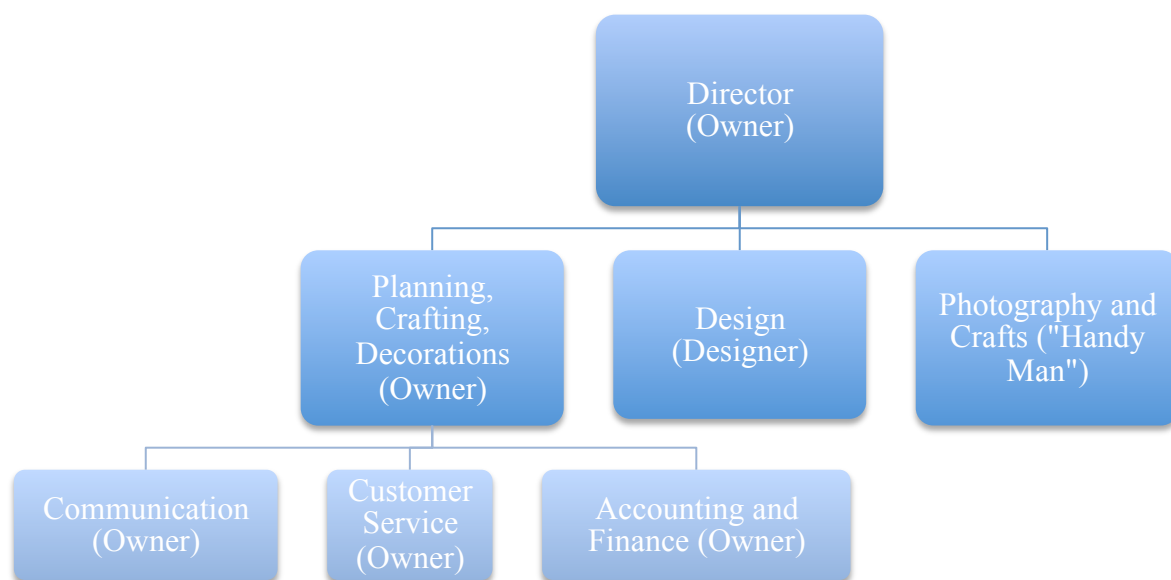
The expectation of an overall growth of the business is based on the expected growth of demand over time and through the reach of premium costumers that demand more profitable events.

In the long-term, the goal is to expand the business to outside Nottingham, starting by geographically close cities such as Birmingham, Sheffield, Liverpool and Manchester, with the ultimate goal to arrive to all UK locations and become a solid national business.

### **3.1.8. The Team**

As previously mentioned in the Contracts section, the team will consist of three main elements, in an initial stage. The author of the project will be its only full-time member; and two other collaborators – a “handy man” (collaborator) and a designer (freelance designer/art

worker) will work as needed. The owner of the project will perform various tasks to ensure the business is running effectively, since she assumes the responsibility for the course of the business. In order to summarise the functions of the team, an organogram was created and synthetises what the elements will do in an initial stage.



**Figure 3. Organogram of The Factory**

As can be seen, and given the amount of responsibilities the director has, this element will be responsible by the Planning in terms of the business service, by meeting with costumers to plan the events and by managing the purchasing process, through negotiation with suppliers in order to calculate the quotes for the events. Moreover, the majority of the time is expected to be spent on generating ideas through research and crafting materials, creating decorative elements (i.e., with bottles, ribbons, cans, bins, boxes and bakery). Also, research time and self-training will be needed in order to vary the portfolio, so hours of research in the internet, books and practice are also accountable. The owner's main skills are mainly related to her academic background and experiences (studies and working in marketing and advertising; and master's studies in the management field) and her passion about creating things and crafting, having developed similar small projects for friends and family. Regarding more time consuming tasks or physically demanding operations (such as carrying heavy materials to the van and to the event location or building wood crafts), the "handy man" will collaborate with his expertise (he has experience and passion for building by root or renewing spaces). He is

also the programmer/web designer of the company, as he is a skilled freelancer in this area, and a photographer, other of his passions.

The designer will, as mentioned before, design and produce the art works for printing of the materials – invitations, labels, patterns for wallpapers, and so forth. She is a junior designer at her current work and this represents a good opportunity to gain experience in creative work, by designing from scratch. She will also be responsible for our branding – namely logo, logo behaviour and brand identity.

The owner will be responsible for managing social media and other means of communication and ensuring high levels of responsiveness to clients, with all customer service related tasks, as well as administrative ones.

Finally, the accounting and finance part, where payments and cash flow management are included, as well as results analysis and evaluation, will be tasks split between the director and the handy man.

As it will be shown in the financial sector, the team will need to expand in order to develop and grow the business. A summary of other key elements' estimated needs is shown in the table below.

| WORKFORCE NEEDS    |                                    |                        |                             |                            |  |                            |         |
|--------------------|------------------------------------|------------------------|-----------------------------|----------------------------|--|----------------------------|---------|
| Type of Employee   | Number of Hours Worked (per event) | Number of Events/Month | Total Of Hours Worked/Month | Total of Hours Worked/Week | Limit of Working Hours per Week/Employee | Number of Employees Needed | Year    |
| Full-Time          | 16.9                               | 4                      | 67.6                        | 16.9                       | 43                                       | 1                          | 1       |
| Part-Time Designer | 7                                  | 4                      | 28                          | 7                          | 21                                       | 1                          | 1       |
| Handy Man          | 3.5                                | 4                      | 14                          | 3.5                        | 10.5                                     | 1                          | 1       |
| Full-Time          | 16.9                               | 8                      | 135.2                       | 33.8                       | 43                                       | 1                          | 1 and 2 |
| Part-Time Designer | 7                                  | 8                      | 56                          | 14                         | 21                                       | 1                          | 1 and 2 |
| Handy Man          | 3.5                                | 8                      | 28                          | 7                          | 10.5                                     | 1                          | 1 and 2 |
| Full-Time          | 16.9                               | 12                     | 202.8                       | 50.7                       | 43                                       | 2                          | 2       |
| Part-Time Designer | 7                                  | 12                     | 84                          | 21                         | 21                                       | 1                          | 2       |
| Handy Man          | 3.5                                | 12                     | 42                          | 10.5                       | 10.5                                     | 1                          | 2       |
| Full-Time          | 16.9                               | 20                     | 338                         | 84.5                       | 43                                       | 2                          | 2 and 3 |
| Part-Time Designer | 7                                  | 20                     | 140                         | 35                         | 21                                       | 2                          | 2 and 3 |
| Handy Man          | 3.5                                | 20                     | 70                          | 17.5                       | 10.5                                     | 2                          | 2 and 3 |
| Full-Time          | 16.9                               | 24                     | 405.6                       | 101.4                      | 43                                       | 2                          | 3       |
| Part-Time Designer | 7                                  | 24                     | 168                         | 42                         | 21                                       | 2                          | 3       |
| Handy Man          | 3.5                                | 24                     | 84                          | 21                         | 10.5                                     | 2                          | 3       |
| Full-Time          | 16.9                               | 28                     | 473.2                       | 118.3                      | 43                                       | 3                          | 3 and 4 |
| Part-Time Designer | 7                                  | 28                     | 196                         | 49                         | 21                                       | 2                          | 3 and 4 |
| Handy Man          | 3.5                                | 28                     | 98                          | 24.5                       | 10.5                                     | 2                          | 3 and 4 |
| Full-Time          | 16.9                               | 32                     | 540.8                       | 135.2                      | 43                                       | 3                          | 4       |
| Part-Time Designer | 7                                  | 32                     | 224                         | 56                         | 21                                       | 3                          | 4       |
| Handy Man          | 3.5                                | 32                     | 112                         | 28                         | 10.5                                     | 3                          | 4       |
| Full-Time          | 16.9                               | 36                     | 608.4                       | 152.1                      | 43                                       | 4                          | 4 and 5 |
| Part-Time Designer | 7                                  | 36                     | 252                         | 63                         | 21                                       | 3                          | 4 and 5 |
| Handy Man          | 3.5                                | 36                     | 126                         | 31.5                       | 10.5                                     | 3                          | 4 and 5 |
| Full-Time          | 16.9                               | 40                     | 676                         | 169                        | 43                                       | 4                          | 5       |
| Part-Time Designer | 7                                  | 40                     | 280                         | 70                         | 21                                       | 3                          | 5       |
| Handy Man          | 3.5                                | 40                     | 140                         | 35                         | 10.5                                     | 3                          | 5       |
| Full-Time          | 16.9                               | 44                     | 743.6                       | 185.9                      | 43                                       | 4                          | 5 and 6 |
| Part-Time Designer | 7                                  | 44                     | 308                         | 77                         | 21                                       | 4                          | 5 and 6 |
| Handy Man          | 3.5                                | 44                     | 154                         | 38.5                       | 10.5                                     | 4                          | 5 and 6 |

**Figure 4. Workforce Needs per Year**

The table illustrates how the team is estimated to grow during the first five years of business operations. In the second year, two full-time workers will be needed and from the middle of that year, another designer and an extra “handy man” will be needed as well, both hired in the same conditions as the previous ones (freelancer and zero-hour contract, respectively); in the third year, the same number of employees will be kept and from the third trimester on, a third full-time employee will be needed and in the end of the year, another designer and “handy man”. In the fourth and fifth years, a third and fourth full-time worker and a third and fourth part-time designer and “handy men” will make part of the team, as the business grows and the number of parties goes from the initial four a month to forty-four in the fifth year.

### **3.2. Industry Analysis**

In the UK, children’s party market alone is worth over a billion pounds (Hope, 2015).

Although reaching the general events market will be the final goal, in an initial stage the focus will be in children’s parties, as this market is believed to have more potential for initial visibility and to generate word of mouth.

According to the same author, children’s’ parties these days can range from a few hundreds to astonishing £100,000, with celebrities as guests or proms like an ice ring set in the living room. The average amount that is spent in a home party is, however, of something between £135 and £191 according to Hope (2015) or Coleman, from The Guardian (2014), respectively, but other authors from other sources defend different values, depending on the respondents’ group. De Lacey on the Daily Mail (2013), claims that according to a study these averages are rising up to £309, as parents compete amongst each other to “outdo” their peers. For that reason, £212 was the accepted average value considered in this project to define part of the competition in the industry.

### **3.3. Demographic Factors/ Target Analysis**

According to data from the UK Government, the last census in 2011 registered 310,800 residents in Nottingham and estimates a growth of 2,000 since 2012. Also, the population is expected to rise from those values to 323,400 in 2022 and 352,200 in 2037. The main causes

appointed are not only the growing immigration from the rest of the European Union to the city but also a natural change, with more positive birth rates than death rates. This is a very positive scenario for the launch of this business.

There is a total of 126,131 households in the city, with 27,4% of them having dependent children, which represents a total of 34,560 households with dependent children.

### 3.4. Market Study

A market study was done in order to understand the potential of this business in Nottingham. For that purpose, a questionnaire was done to 190 respondents, which can be seen in the appendices to this project.

The main aspects evaluated through this questionnaire were related to people's overall response to this idea and the prices they were willing to pay for the service. Some images of similar services could be seen in the beginning of the questionnaire, to help respondents visualise and understand the concept.

As it will be shown next, from a total sample of 190 parents living in Nottingham, 10 answered they would not hire this service, having been eliminated from the questionnaire. Hence, the total valid sample was of 180 respondents, from which some conclusions could be drawn. For a matter of visual simplicity, the results are summarised in the charts below.

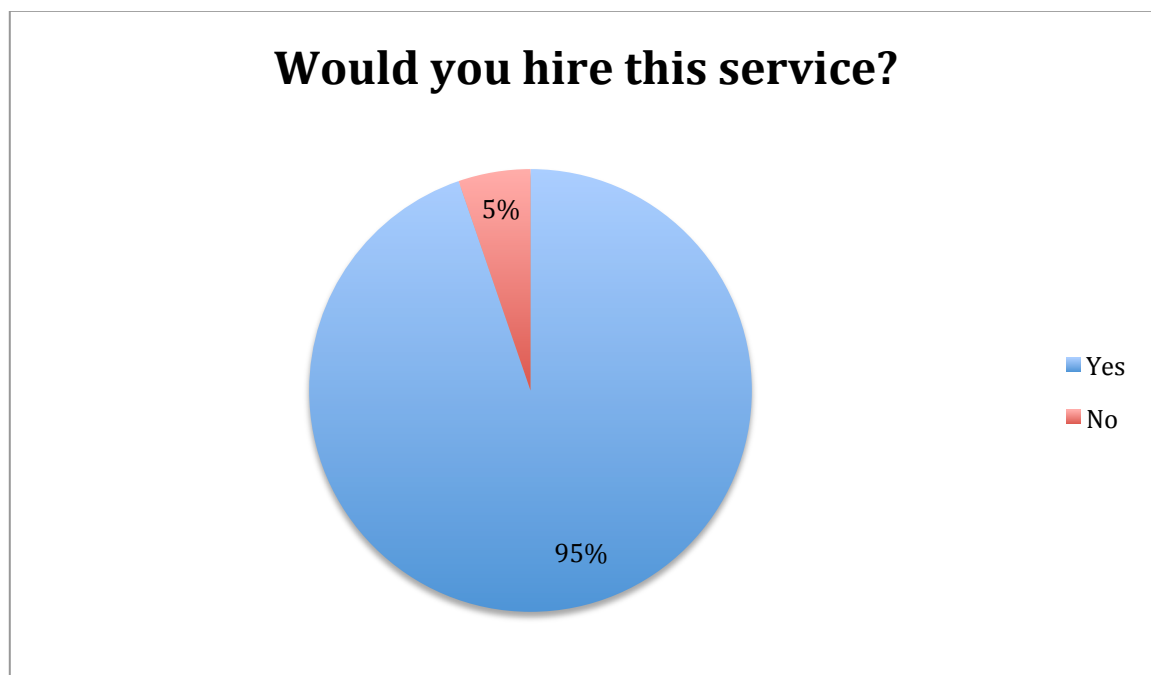
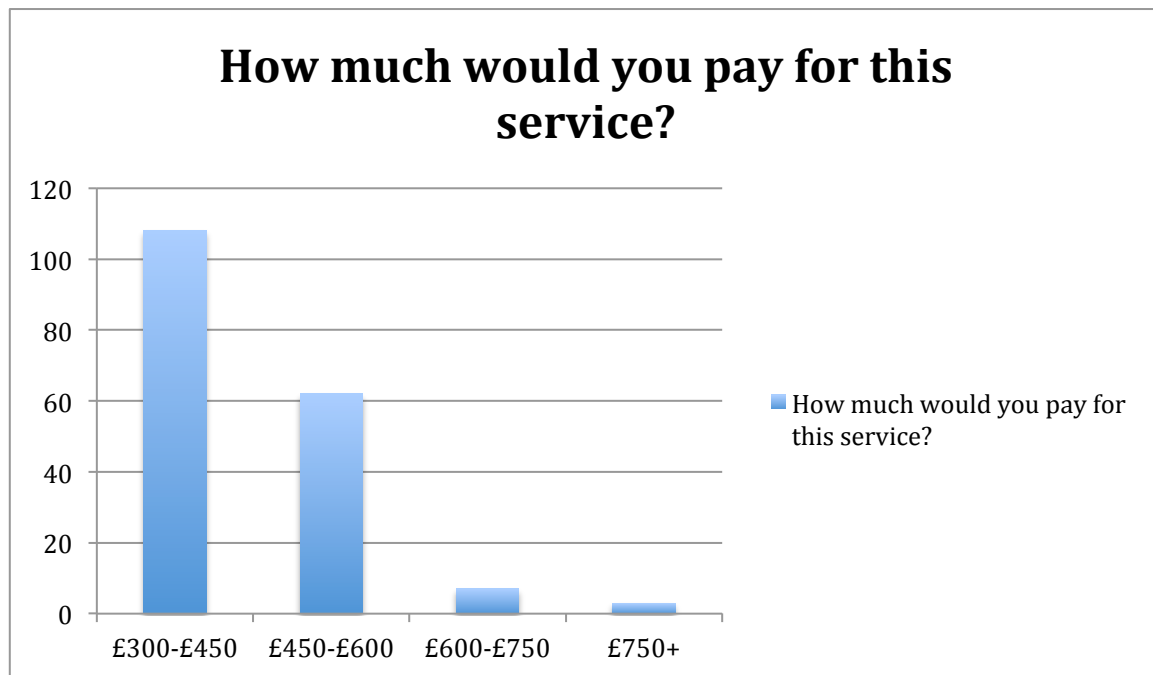


Figure 5. Questionnaire: Would You Hire This Service?

The great majority of the respondents claimed they would pay for the service for their children's party.

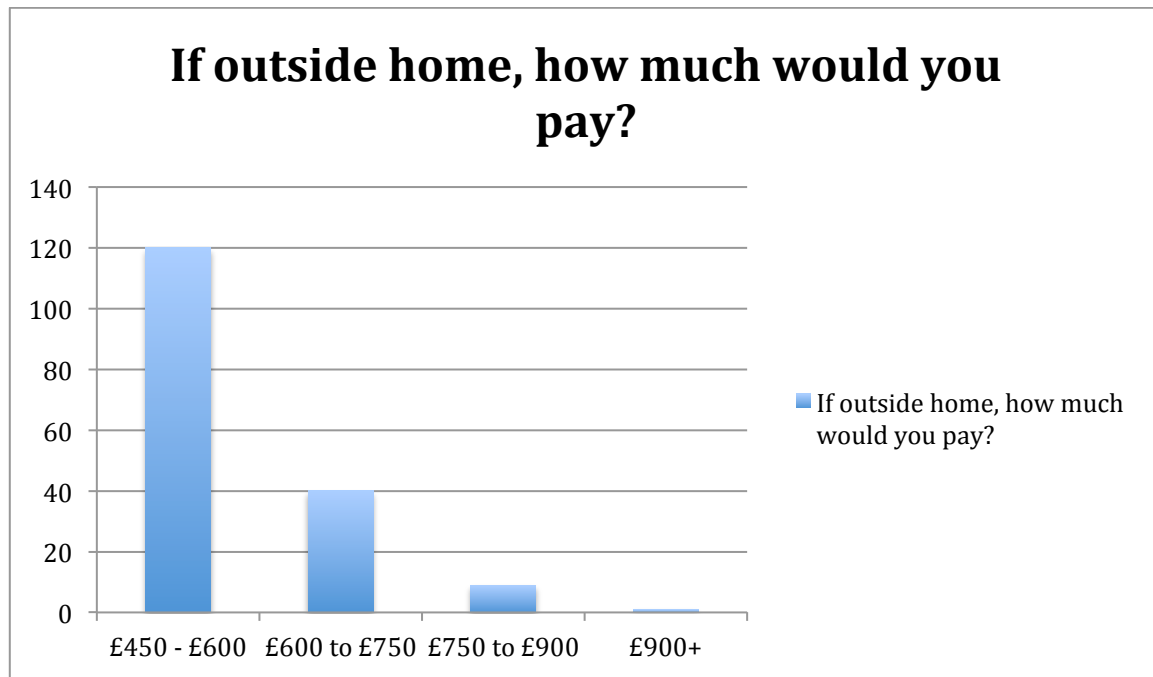


**Figure 6. Questionnaire: How Much Would You Pay?**

Regarding the price the respondents would be willing to pay, the results show that 60% of the respondents (108) would pay £300 to £450 for such a service, whilst 34.4% (62) would pay from £450 to £600; 3.8% would pay from £600 to £750 and just 1.7% would pay more than £750 for it.

The next question asked if the respondents would consider hiring the same service outside their home. 170 said they would, whilst 10 responded "no". For the negative answers, it was asked that they would skip the next question, which the 10 of them did.

Hence, for the 94% of the respondents, that would hire the service to throw a party outside their home, the interval of maximum prices they would be willing to pay would be as follows:

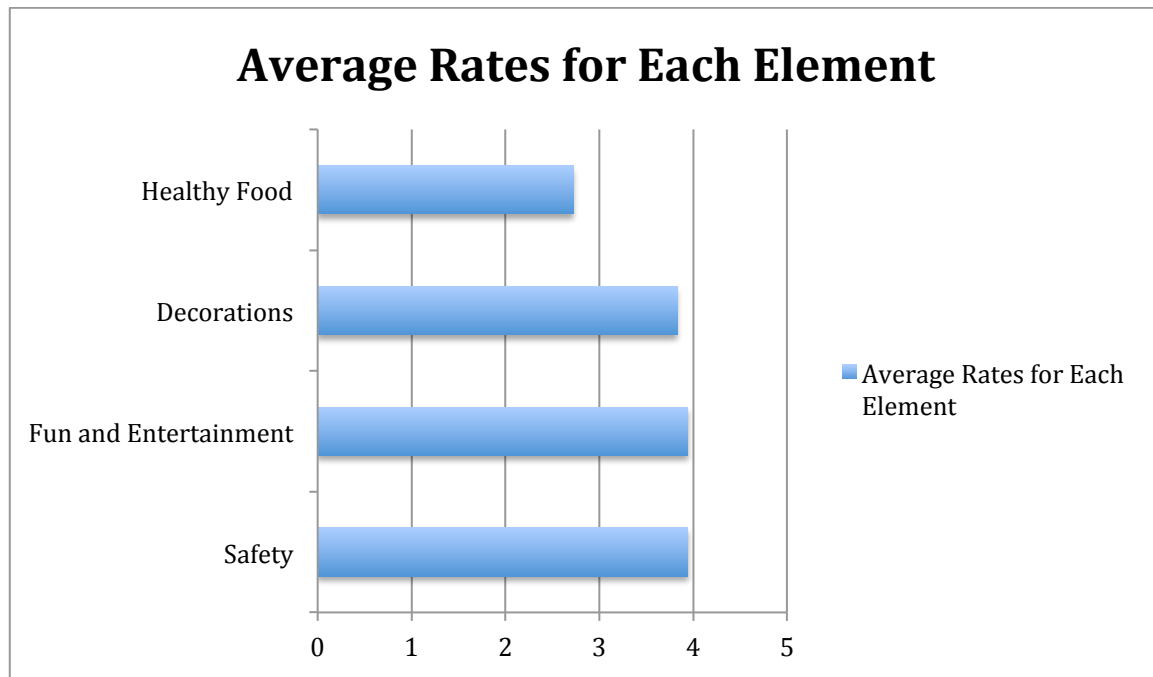


**Figure 7. Questionnaire: If Outside Home, How Much?**

For this option, 120 of the respondents that would throw a party outside their home (71% of the total 170) asserted they would pay between £450 and £600; 40 would pay something between £600 and £750, which accounts for around 23% of the answers; 9 would spend £750 to £900 (5%) and just 1 respondent (less than 1%) would pay more than £900 for it.

Regarding the most and least important elements to parents in such a party, on a scale between 1 (not important at all) and 5 (extremely important), the classifications for the following elements were:





**Figure 8. Questionnaire: Average Rates per Element**

From the chart above, it can be concluded that the most important elements that parents would value in this service would be “Safety” (of the provided materials, because parents are responsible for looking after the children during the event) and “Fun and Entertainment”, both scoring an average of 3.94 out of 5 points. Nevertheless, “Decorations”, the key element of this service was rated right after, with an average rate of 3.83, being almost equally valued. Regarding the “Healthy Food” element, parents seem not to be concerned with it, perhaps due to the type of celebration, which is by tradition fuelled with sweets (2.72 average rate). However, it is a bit beyond the half value, which means it shall be taken in consideration.

Finally, around 96% of the respondents affirmed they would consider hiring a similar service for another type of event (their own birthday, graduation, and so on) with 4% stating they would not.

From this study it can be concluded that this project is feasible in the area of Nottingham and that the prices parents are willing to pay are very much alike The Factory’s basic pricing strategy, as it will be shown in the Marketing section. However, since “Fun and Entertainment” is naturally highly appreciated, hiring temporary entertainers is an important option to consider from the beginning and it is important to arrange contacts from the beginning (i.e., arts students for face paintings, clowns, and so on), in order to ensure that there is always available personnel, so that we can safely advertise and suggest this to the

parents. Moreover, and considering this is a small business, it is important to highlight that there is a substantial target for the “premium” sector (customers that would pay beyond £750 for an event), which will be the main focus of this business, as it will be shown in the Financial analysis and forecasts. Although the percentages are relatively small, there is a niche to be addressed from the beginning, as the Marketing section will show. Moreover, and since the sample is relatively short to understand the real demand potential for this service, the sample was extrapolated to the universe of Nottingham area (310,800 inhabitants); it was considered the number of households (126,131 total) with dependent children, which accounts for 34,560 households. Regarding the obtained results, 72 of the respondents had assumed they would spend £450 onwards, which was the extrapolated amount that predicted the total potential real demand.

#### **Figure 9. Sample Extrapolation**

More specifically, after the extrapolation it can be observed that the premium sector of consumers corresponds to 1.920 people that would pay more than £600 per event  $((34.560 \cdot 10) / 180)$ , and for respondents that would hire the service if the event was held outside their home (170), it was concluded that 10.165 people would eventually pay more than £600 in these conditions  $((34.560 \cdot 50) / 170)$ .

### **3.5. PESTEL**

The PESTEL analysis is a comprehensive analysis of the acronym elements - Political, Economic, Social, Technological, Environmental and Legal factors – that influence and help to ensure the viability of a project, regarding the surrounding environment.

After an individual analysis of each of these factors, that will be shown below, it was concluded that the UK is a country that offers the needed conditions to develop a business of this type.

#### **3.5.1. Political Factors**

The United Kingdom is a group of four countries with a total population estimated in 64.1 million people (ONS, 2015) that includes England, Wales, Scotland and Northern Ireland. The UK is a politically stable country despite the recent turbulence related to 2015 general elections that opposed not only Labourites and Conservatives, but gave a loud voice to the extreme right-wing UKIP party, eager to implement nationalist measures after the late 2014 Scottish referendum for independence.

Generally, the public trusts their politicians (ranked 22 out of 140 points in the GCI of World Economic Forum in this matter)

Corruption in the government and in the country is generally low.

Knowing the main constraints entrepreneurs normally face, some important political and economic measures and policies are being implemented by the government since 2010 and will help entrepreneurship in this country. More specifically, the Government has negotiated a scheme with the Bank of England to enable borrowing loans from banks at lower rates and created an independent British business bank that brings together public and private funds. The Government is also creating a plan of funding and programmes to increase the public and private investment in SMEs through a specific loan scheme for start-ups, the “business angel” co-investment fund and private initiatives such as SEIS, an enterprise investment scheme that offers tax breaks to investors that help in small start-up funding, reducing the risk to investors; it is also providing funds to schools and universities, investing in entrepreneurship training and funds to encourage the venture creation in these institutions (UK Government, 2015).

Overall, the government has a department that is developing work that aims the acquiring of better/easier regulations to ease business, as well as reduced taxes to entrepreneurs.

### **3.5.2. Economic Factors**

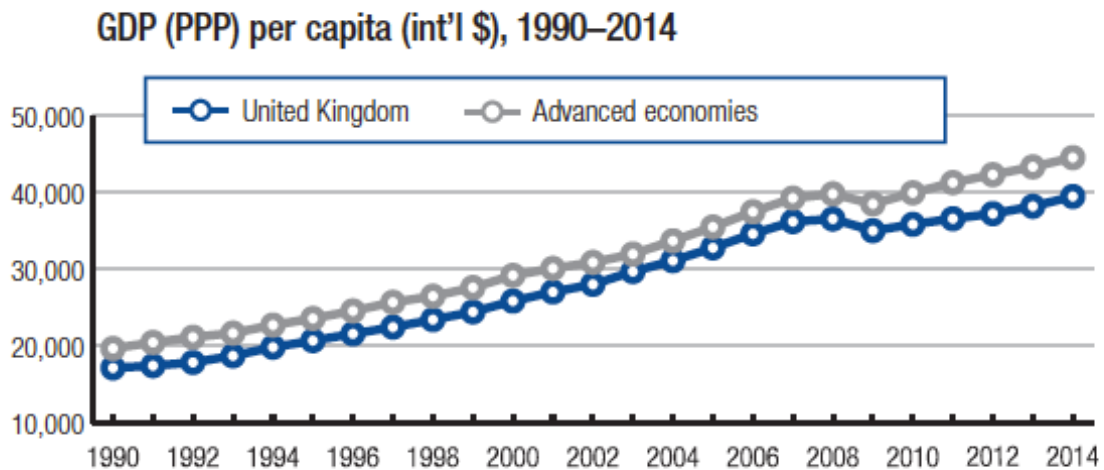
The UK is part of the G7 countries (Group of Seven, formerly G8 when Russia was on board), an economic group composed by the seven most advanced economies' representatives, formed by the United States, France, Germany, Canada, UK, Italy and Japan (G7 Summit, 2015), initially founded after the oil shock in the 1970s. Although in many aspects the UK population does not consider itself to be part of Europe (and economic aspects are no exception, being a country with a unique currency and not taking part of the Schengen space), the country is part of the European Union.

According to a report from the WEF (2015) the UK is the tenth largest economy in the world, characterised as an open economy; it ranks number 13 in “economic freedom”, an indicator from Heritage Foundation (2015) that takes into consideration trade, fiscal and monetary conditions. It is a stable economy, with a strong currency and one of the lowest corruption rates in the world.

According to the World Bank's ease of doing business index, the UK ranks number 8 out of 189 countries, meaning that the overall regulatory environment is conducive to do business (World Bank, 2014).

It also ranks number 10 out of 140 countries in the global competitiveness index according to WEF (2015). The main aspects that helped obtaining this classification were the country's solid institutions, infrastructures, health service, efficient judicial system, capability of attracting foreign talent and a generally educated population. More importantly, this report indicates that the UK has one of the best-developed financial markets, able to provide equity financing and capital to support entrepreneurial ventures.

Great Britain's Gross Domestic Product (GDP) is of around US\$2,945.1 billion, according to World Economic Forum (2015) and is estimated to have grown by 0.4% in the first quarter of 2015 (ONS, 2015), with a GDP per capita of US\$45,653, that keeps up with the other advanced economies, as shown below.



**Figure 10.** Source: World Economic Forum (2015 Report)

The UK is generally a wealthy country, having registered one of the highest mean levels of wealth in the 18 OECD countries; the Index of Services grew by 2.8% within the last year, the total final household consumption expenditure is of £2.3 billion (growth of 0.8% in relation to the same quarter last year) and an unemployment rate of 5.5% (ONS, 2015). In 2013, Britons spent an average of £517 a week per household, which means an average of £26,884 a year. Nevertheless, the country is still recovering from the 2008 economic recession – it has officially recovered in 2009 by growing 0.1% after six quarters of contractions (BBC News, 2015), but realistically it is still recovering - with a government deficit of 5.7% of GDP (high in comparison to other economies, ranking 118th position here, out of 140 countries) and a growing public debt that accounts for 90% of the GDP (WEF, 2015).

However, the figures are overall positive, as in 2014 it grew by 2.7%, according to the ONS (2015) and the forecasts are also positive for 2015 and 2016, with unemployment rates decreasing and forecasts pointing to fall to 5%, estimates OECD (2015), against the actual 5.5% (ONS, 2015). Moreover, and as the euro zone starts to recover, OECD also estimates that the current account deficit will slowly decrease although inflation is supposed to be around 2%, which is the target (OECD, 2015).

The UK government has been implementing a series of measures to help entrepreneurs, especially the young ones, as it sees here a means of generating employment and wealth.

As mentioned before, the government is implementing economic and policy changes to help the growth of entrepreneurship in the country.

Regarding the general economic conditions of the population, Nottingham, the starting point of the business, has an average yearly disposable income of £10,834 per head (ONS, 2013), which is below the country's national average of £16,034. London registers the highest values, with £32,823 of disposable income per head.

### **3.5.3. Social Factors**

In the United Kingdom, the government incentives birth growth, through laws, policies and benefits, having registered more than 778 thousand births in 2013, according to the ONS (2014) with around of a quarter being from mothers born outside the UK.

Other social factors in the UK associated to this kind of business are generally favourable, with a growing trend from people to buy handmade goods and parents spending increasingly more in their children's birthday parties – with the children's celebration industry estimated in over £1 billion, as mentioned before.

Research shows that parents spend increasingly more on hiring a service instead of preparing their children's parties at home themselves, as they tend to compete with their peers. The biggest "spenders", on average, are in Essex, Glasgow and Manchester (De Lacey, 2013), the latter a possible next destination for this service.

Moreover, and according to the same source, adults tend to spend an average of £381.71 in homemade celebrations for their own birthday parties, with men spending more £65 than women, on average. This sums up a total of £16.7 billion every year throughout the whole country (Winter, 2014), which shows a great potential in the adult birthdays market as well. Also, there is a cultural trait that is quite notorious in this country, which are the hen and stag celebrations. In this case, a report analysed by the same newspaper claims that British citizens spend an average of £2.5 billion a year in this kind of events (Cliff, 2015).

### **3.5.4. Technological Factors**

Regarding the technological factors, these are generally related to many factors, but the main ones important for this project, as they represent the degree of connectivity and adoption of

technology, are: the level of infrastructure, the technological adoption and internet penetration.

The infrastructures are good and the country is well connected, ranking in the top ten countries of the WEF list of 140.

Regarding other very important technological issues that matter to this business, the country registers a high technological adoption, occupying the 9th position in the same ranking and number two on Internet Penetration (ICT). Also, and more specifically important to this business, social media tools are highly used by more than half of the country population (Social Media Today, 2014), such as Facebook, twitter, instagram, blogs, and so forth.

### **3.5.5. Environmental Factors**

The main relevant environmental factors related to this project are mainly related to the weather and attitude of British people towards handmade, original and environmentally friendly crafts.

Hence, the weather in England is that of a temperate maritime country. The East Midlands have cold and wet winters - with maximum temperatures of 10°C - and mild summers, where the maximum temperature reaches 23°C. Regarding the rainfall, it lies in between the north and south of the country, and is well distributed throughout the year (Met Office, 2014).

Although English people deal well with cooler days, enjoying the sun in open spaces even when it is still cold, the weather is an important item to consider, as it makes the difference of holding parties outdoors. Hence, although in Nottingham a great amount of people live in a detached or semi-detached house instead of apartments, and therefore have a yard or garden, its usage for the events will be conditioned by the weather, meaning that this particular type of option will be seasonal (perhaps only between July and August).

Also, it is important to stress the importance the handmade businesses are having now in the country, as part of this service provides crafted materials, with the revivalism of other eras of time and vintage trends. The Crafts Council states that there are around 11,600 craft businesses in the UK that employ 43,000 people. The overall market value for craft business in the UK is of £3.4billion (The Guardian, 2015). Still according to the Crafts Council (2015), crafts are perceived as more personalised items, authentic and promoters of fair trade, development of local economy and respect for the environment. This mind set is a positive landscape for the launch of this business.

### **3.5.6. Legal Factors**

The UK has a well-functioning judicial system, with reasonably low bureaucracy associated with doing business.

Regarding the Food and Standards Agency (FSA), which is the authority that regulates health and safety concerned with food businesses, it is necessary to register the premises with Nottingham's Environmental Health Service and there is no need to apply for any licensing since the foods catered are not in the FSA list. This authority will ensure and give advice on what needs to be improved in order to pass the regular inspections by the FSA.

Regarding the requisites, The Factory's premises comply with the legal requirements regarding hand washing facilities and toilets, food preparation areas (floors and walls, windows, ceilings, surfaces and cleaning equipment) and fire safety, through the regular carrying out of risk assessments. Also, given the nature of the business and especially because it deals with children, the Liability Insurance is a very important aspect to consider. In this case, this was secured to cover up to £10 million.

Regarding the other legal aspects needed for this business, the UK government makes it easy to create a company within minutes through the web, as it has been shown throughout this project.

### **3.6. Competitors' Analysis**

To study this market in Nottingham, it was made an extensive research through the web – websites, blogs, forums, and Facebook pages – in order to find the (main) competitors.

However, it was the case that the competitors exist, but not as directly – the services provided by these in the closest segment are not the same, do not look the same and are not as complete.

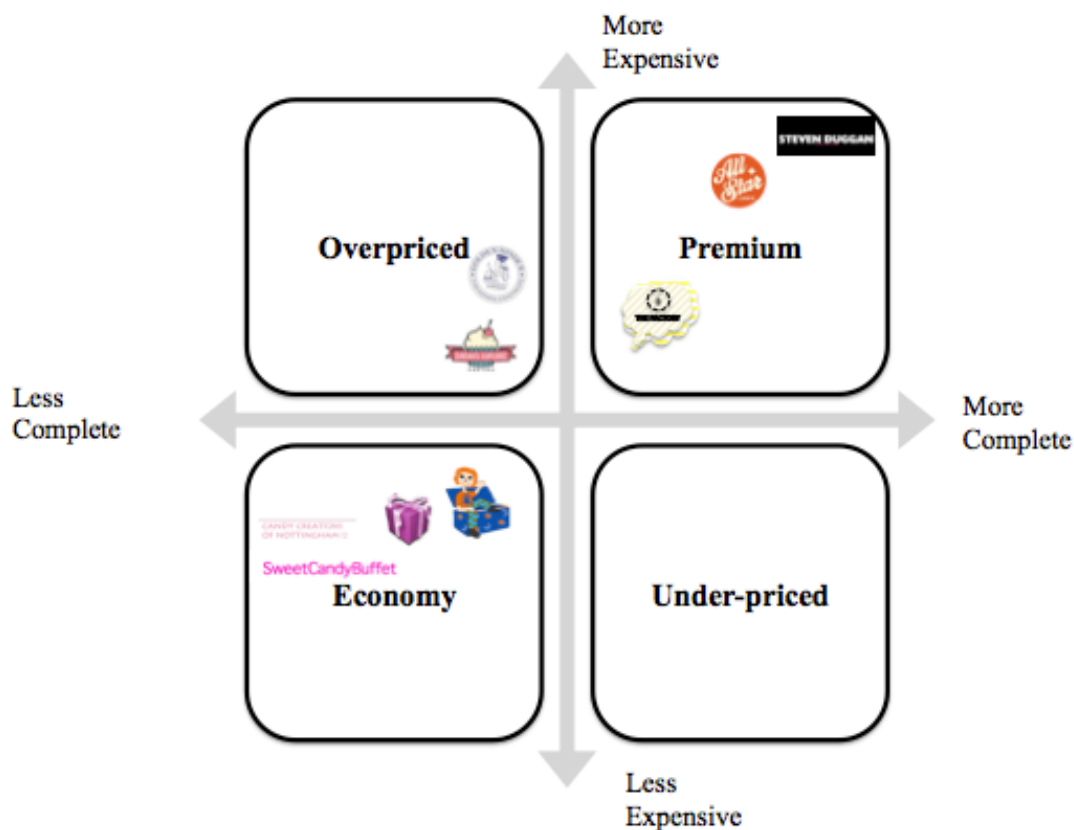
Hence, since any other kind of party planner and even the label providers could be considered competitors, as parents could buy these items from them and produce their own party, the table referring to the competitors analysis, in the Appendices section (Appendix 2) will summarise the main competition in the city, with its main similarities and differences. This enabled the author to confirm that there was not a single equal business in the area.



It is important to notice that none of these competitors has a very strong social media presence – apart from Sarah’s Cup Cakes, which has less than 500 likes in the Facebook page – and most of them do not post often or are not active at all in social media.

In Nottingham, as said before, there is no direct competition as this is a new type of party planning in the city. Hence, a price/value matrix was created in order to understand how the product would be positioned – for this effect, other competitors in the premium sector were used for comparison and referral, such as Steven Duggan’s deluxe parties from London to global coverage (with celebrities such as Elton John as main costumers, with parties up to £70.000), Hamleys, All Star Lanes or The Golden Hinde, that do not operate necessarily in Nottingham.

To illustrate these conclusions, the perceptual map is shown below. The main factors under analysis were the price (from higher to lower) and the completeness of the service (more and less complete in the extremes of that axis). This completeness refers to the elements included in each party (focus on decorations, sweet table design, entertainment, and so forth).



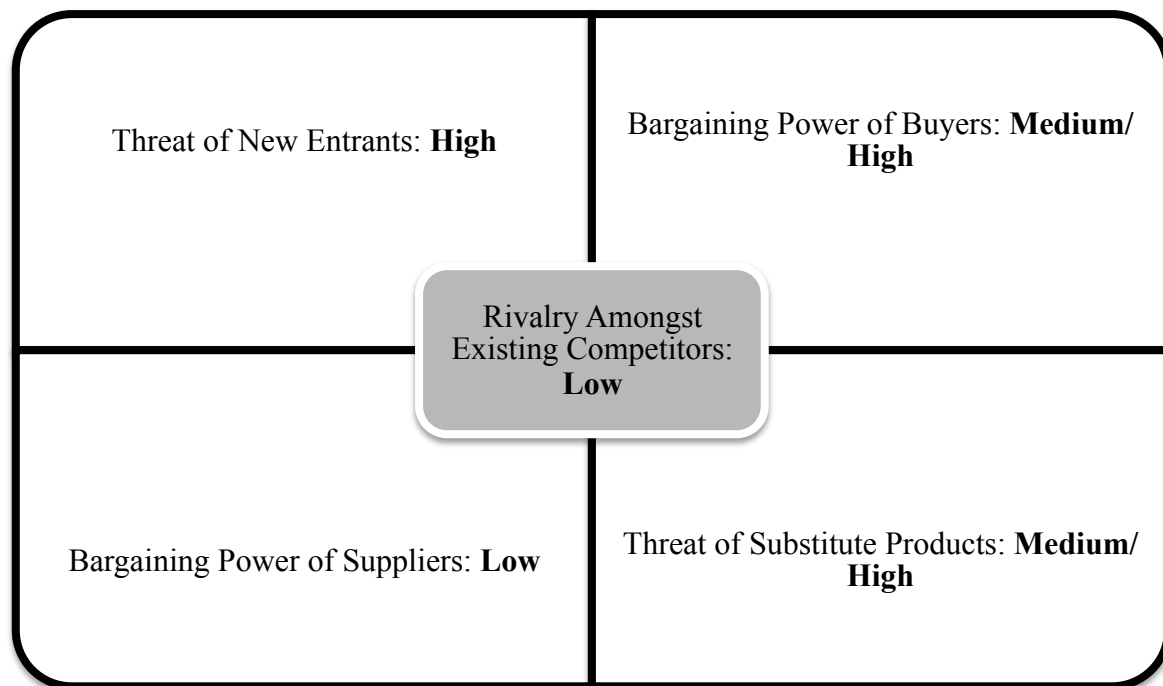
**Figure 11. Perceptual Map: The Factory VS Competitors**

As can be seen, The Factory is at the Premium sector “door”, since its prices are not comparable to the ones practiced by the Premium competitors nor the quality or completeness of the service. Still, it is no longer in the “economy” sector because it differentiates itself from these indirect competitors, as it provides a more complete service, that none of the others do, and naturally with higher prices – which proportionally are not that higher.

### **3.6.1. Porter’s 5 Forces That Shape Strategy**

Porter summarised the five main forces that shape strategy in relation to possible threats in a competitive market. These are: the Threat of New Entrants, the Bargaining Power of Suppliers, Bargaining Power of Buyers, Threat of Substitute Products or Services and the Rivalry Amongst Existing Competitors (Porter, 2008:4).

The results of the analysis of these factors are summarised in the illustration below and explained afterwards.



**Figure 12. Adapted From: Porter (2008:4)**

The Threat of New Entrants is very likely to be the main concerning force for this business, as it is a highly imitable idea, with a relatively low investment. However, it takes not only expertise, motivation and a hard-working capacity to keep the human capital costs low, especially in the first years, where the business is still being established, but, most of all, this company has the first mover advantage, being the pioneer in this exact type of business in Nottingham. For that reason, it is expected that the initial costumers generate a positive word-of-mouth that will hopefully result in trust and loyalty from the customers, which is essential in this type of industry. Also, a discouraging factor that will add value to this service from the middle of first year or in the beginning of the second will be the acquisition of licensing/royalties to allow the creation of “superhero” parties. These licensing implies long negotiations and not so appealing costs, raising the initial investment if these potential entrants do so when we approach the next stage of the business.

Regarding the Rivalry Amongst Existing Competitors it was classified as a low one because there are no 100% direct competitors. However, it will be considered that the existing party planning companies (from the bigger ones, that act in different segments like weddings or

luxury children's party to the small ones that sell the decorative accessories, not forgetting the ones that offer only "fun" to children) can add this segment to their portfolio, focusing also in the target that this company operates for in an attempt of stealing market space to The Factory. However, and by now, the competitors are focused on their areas of expertise, leaving the combination of "sweet table design" and reusable crafts to The Factory.

As for the Bargaining Power of Buyers, which in this case refers to the final costumer, it was considered in between of medium and high as, in one hand these consumers have a relatively high purchasing power, which means they can switch to any other type of party planning service but on the other hand they lack the "time" or availability elements, having no time to think, plan, purchase and craft the party.

The Bargaining Power of Suppliers is generally low, as there are many different ones we can recur to, from the main cake, to hired materials (such as ceramics or fake flowers), business cards, printing services and even label makers – which can be freelance designers or online services that provide these.

Finally, the Threat of Substitutes is considered to be medium to high as it is characteristic in this type of industry; there are many different ways of providing an aesthetical, amusing party service and parents or children can switch to different services, which can be beyond our control. However, by providing a customised party for almost any budget, with partnerships that will develop throughout time (with animation services, for instance) there are many options.

### **3.7. SWOT Analysis**

After an analysis of the industry, it was very important to analyse The Factory regarding its best parts and areas that need vigilance. Therefore, the SWOT analysis presents itself as a simple yet complete tool, as it will be shown next.

#### **3.7.1. SWOT Analysis**

The SWOT analysis is a very useful tool to analyse the strong and weak points of a product, service or project. It is an acronym that stands for Strengths, Weaknesses, Opportunities and Threats, where the first two words stand for internal origin and the last two originate from external/environmental factors.

The SWOT analysis for The Factory project is summarised in the following diagram and explained below.

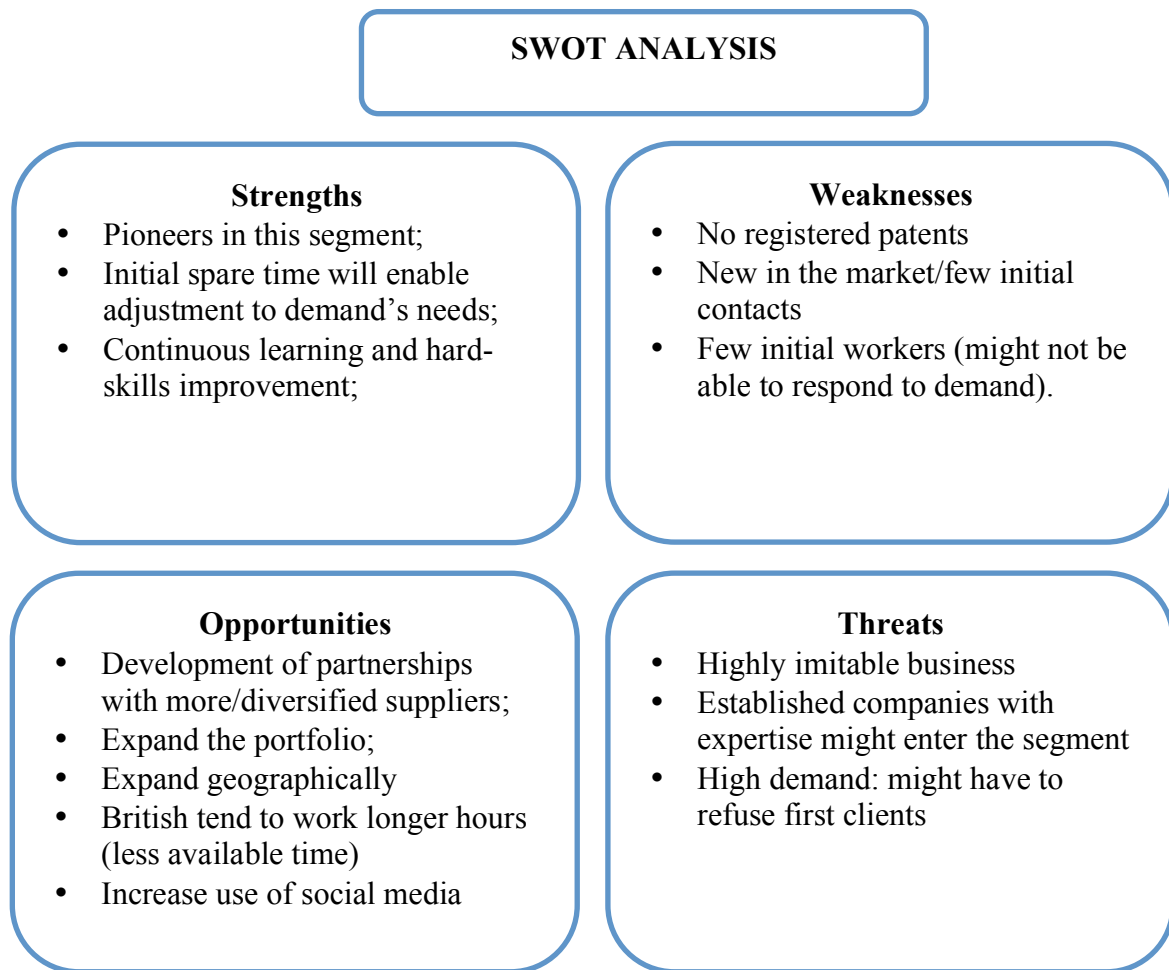


Figure 13. SWOT Analysis

As it can be seen in the diagram, the main strengths of this business are related to the fact that there are no equal businesses in the area of Nottingham, so The Factory will be the first company operating in this field. In the case the first reviews are good, there are good chances that a contagious word-of-mouth will attract our first consumers. The team is mainly composed of two/three elements, one of them working full-time on the project and all of the team will focus a lot on training and improvement of hard-skills, namely the development of crafts, producing a wide range of materials that can be reusable and in the perfecting of the patisserie arts. Moreover, since one of the elements is a programmer/web designer, our

interfaces will be launched and constantly updated with no extra costs, which is a competitive advantage that might help discourage potential new entrants in the business.

Regarding the weaknesses, apart from the logo and branding elements, there is no possible legal way of registering the service or the crafted products, since these are a result of creative arts and anyone can do it – there is no patentable technology involved. Also, being new in the business field and in the Nottingham market place can be seen as a weakness, as there are not many initial contacts. However, a portfolio has been created before the launching of the business (consisting of pro-bono projects, as it will be explained in the Marketing Plan section), which will help the clients to trust this service and having those previously made parties as a reference. Moreover, the participation in The Hive incubator and other networking events throughout time will hopefully enhance the existing networking, helping to improve the awareness of the business. Nevertheless, the main weakness that might generate a real threat is the number of employees, as it will be explained next.

Concerning the opportunities, there are many, regarding the development of partnerships with potential suppliers – ceramic/decoration shops, cake shop, food and beverage brands, and so on – in exchange of advertising and increasing brand awareness to their brands. Also, it is expected that after the first year, or when the business stabilizes in terms of profits, the portfolio can broaden up to other areas, such as adult parties (thematic days, anniversaries, birthdays, graduations and so on). Also, as any profitable business, there is an expansion plan that seeks growth. All these changes will imply increasing the size of the team and having multiple teams, as the business grows. Another external opportunity has to do with the impacts of the recession; to recover from it, a lot of workers work now longer hours than in the past, a trend that will make it difficult for a parent that intends to organise their child's party at home due to time constraints.

Finally, the main threat is that this is a highly imitable business, with no patents registration, as it was explained above. There are also established businesses that operate in the party planning sector, such as wedding planners, that could open a department in their business in order to “steal” a slice from our promising market, as they might fear our portfolio expansion into their area of expertise. There is also the risk of a high demand, which is double sided: it would obviously be a good result of our marketing and advertising efforts; however in the beginning The Factory will only organise no more than two to three parties a week, to ensure quality and decrease failure or accident risks, as the team is small and so is the experience. By this, some of our potential first costumers might become frustrated with our unavailability and rate the business badly or just never try to request our services again. To overcome this, our

service will be as excellent in every detail as possible with the few events initially done - as will be shown in the next section - so that it generates good reviews and increases the appetite of other customers, such as peers of actual ones and even these ones that were perhaps once let down; hopefully they will believe that it might be worth the waiting.

### **3.8. Marketing Plan**

#### **3.8.1. Marketing Mix – The 7 P's**

##### **3.8.1.1. Product**

The product is, in this case, the result of a service that consists of planning, producing and delivering a customised home party, with handmade, unique decorations and sweet table design matching the theme of the party and the main cake.

For this matter the physical products can be considered all the decorations, which include the labels, invitations, all crafted and supplied materials, as well as the sweet table design elements – the cakes and other catering elements.

Regarding the intangibles, the name, its associations and all the branding and packaging are important aspects to consider in this section.

##### **Branding**

The branding aspects are all those that consider the brand's promise, positioning, personality, essence, story, name associations and so forth. These elements will be covered below, by topics.

##### **Promise/Unique Selling Proposition**

Making customers' dreams come true with totally customised, originally designed, hassle-free home parties, within their desired budget.

##### **Positioning**

The only party planners that create customised parties of any kind with focus on DIY decorations and sweet table design.

##### **Brand Essence**

Memorable and beautiful events, created with customer's ideas and our hands.

## **Brand Personality**

Young, innovative, caring, dedicated.

## **Brand Story**

The Factory was born of both a passionate hobby and a university project that made the author become an accidental entrepreneur.

In her spare time, the author has dedicated most of her free time in the last years to crafting decorative items for the house, gifts for friends and lately learning the art of the so-called “sweet design”, having created small parties for friends and their children.

Having moved recently to Nottingham to study, she identified a gap to fill in the local market, where none of the existing party planners had explored the combination of these elements to design unique parties. This seemed like a great place to start a business that in her home country knows a dozen of direct competitors. Furthermore, that was when she came across the entrepreneurial reality of the city, where new ideas get wings every day.

It took about a year to develop a business plan and think ahead all of the details and paperwork and it will take a pleasant lifetime of hard work to make it a success.

## **Brand associations**

The main associations of an “idea factory” are “crafted”, hand-made, DIY, hard work, original and fulfilling dreams.

## **Name and Logo Design**

The name of the brand, “Factory”, refers to a factory of ideas, of hand crafted decorations and cakes, the components of the business.

The author of this project designed the logo; its next developments will be done by the designer. It consists of two clouds with light yellow soft patterns and a cupcake with a candle in the middle, with the name of the brand.

It is a logo full of meanings. The clouds symbolize the “ideas” generated in The Factory; the costumers’ dreams that come true and the process of idealizing a customised party. Yellow was chosen to be a neutral colour (does not have a connotation with a gender, such as blue or pink) and is a symbol of joy and optimism, the main elements of a celebration. The combination of two yellow tons and patterns are an evidence of the aesthetical, decorative nature of the service.



The overlapped clouds can also suggest a cookie with sugar paste coverage, a typical element in these events.



Figure 14. Logo



Figure 15. Some possible logo adaptionns

## Packaging

In an initial stage, goods will be delivered in regular boxes and vans but shortly after, special attention will be given to the packaging of the decorative items and catering, regarding the moment they are brought into the houses to set the event. The vans will also be branded in order to help generating brand awareness, spreading the contact details and also due to the brand essence, which is focused in details.

Some examples of the packaging can be seen in the illustrations below.



Figure 16. Packaging Options

### 3.8.1.2. Promotion

The Promotion section stresses the important of advertising and communication in order to promote the brand.

## **Advertising**

The main advertising channels will be the “below the line”, with a great emphasis on social media and the web. There will be a website, which will be the main interface with the customer, apart from Facebook. The website will contain a home page, with the origin and history behind the brand, the mission of the company; an updated portfolio of events, a section about the team, a “news” page, with all internal news regarding the business (i.e., portfolio expansion) and external mentions, news or positive feedback of the service (press releases, blogs and so forth). Finally, a contacts page will contain the telephone and email contact so that the public can contact and set an appointment.

### Social Media - Facebook, Twitter, Pinterest and LinkedIn

As mentioned before, more than half of the UK population uses social media and the main platforms used in the country are Facebook, Twitter and LinkedIn. More specifically, and although registering a slow decline comparing to previous years, around 31 million people have a Facebook account and 15 million have Twitter. Twitter is largely popular amongst businesses, as well as Instagram and Pinterest, depending on the sector. The latter are becoming stars in this field, registering more and more users each year (Social Media Today, 2014).

Hence, social media will be the main contact points after the website. More specifically, the Facebook page (and paid advertising, initially) will be a tool of brand promotion, reaching potential clients through monthly-planned posts, pictures of the service, location and of course, the possibility of interacting with the brand through private messages, reviews and rates.

The main goal of using Twitter will be the networking with other businesses and, of course, with customers, by keeping the page updated at least once a day, as Twitter represents a “real time” interaction social media. A LinkedIn page will be created in order to secure the basic company information and will contain a micro-blog with the same posts as Facebook, in an attempt to reach more “professional” clientele that might come across the brand during their professional researches.

Regarding Instagram, it has high potential of generating brand awareness and help in the decision-making process, as it is a very visual tool. It is also the social media tool where it is expected that customers “spread the word” the most, through the postage of the pictures of

their parties – with the advantage of the filter option for the more inexperienced photographers.

Pinterest is another visual point of contact, which not only helps promoting the portfolio of the work previously done, but also inspirations, through “Pins” that enable the creation of mood boards instantly. This is particularly helpful for the positioning of the brand, by appealing to a lot of different images and items that can suggest different meanings, and also by helping customers with the envision of their next party, giving them suggestive ideas – that can be also according with our stock convenience at the moment, for instance. Moreover, Pinterest will be an internal tool for research of ideas, as there are thousands of “Pins” for this sector of business.

In addition to the tools mentioned above, it is expected that “word of mouth” will help generate demand for the business. After the first successful events, it is very likely that parents speak out to their peers about their experience with The Factory, and children can be a meaningful contribution on spreading the word, asking their parents to have a similar party for themselves.

Finally, the brand’s suppliers and partners, such as the cake shop can also contribute to the promotion of the brand, by exhibiting The Factory’s promotional leaflets in their shop or mentioning and “tagging” the brand in their social media platforms.

It is important to highlight that although promotion is mostly desirable, some precaution is needed especially in the beginning, in order to avoid too much demand for the company’s initial production capability and having to deny initial potential costumers; for this reason the strategy will be implemented in a relatively slow pace, according to the supply and demand relation.

### Blogs

In the case of a successful beginning that enables the expansion of the business quickly, PR actions such as press releases and featured contents for blogs and even magazines are options to be considered as well.

However, and given the growing importance of the so-called “mother blogs” and their influence over their followers, the first great investment in advertising and marketing will be on a sponsored post in one of these blogs; or, more specifically, instead of paying for the content on a post, The Factory will treat the mother with a birthday party for a blogger mother’s son or daughter in exchange for a publication on the blog and photo sharing in social media channels (Facebook, Instagram). These bloggers are credible opinion-makers amongst their followers and hit thousands of views daily, consisting of a perfect target for many brands in the segment. Some of the possible bloggers to approach in an initial stage are, by preferable order:

- More Than Toast (the owner is a single mother of two with 2246 followers; she represents a **good target** to offer the first service to; opportunity for her to get more followers through a sponsored video that might go viral)
- Parent Shaped (P.S.), an award winner blogger mother from Nottingham;
- Cherished By Me.

### **3.8.1.3. Price**

The main rationale behind the pricing strategy for these events will be based in mainly three factors. First, it will be considered how much the parents would spend if they did it themselves, by purchasing their own raw materials and the probability of having enough time to do it in their spare time. For this, it is important to consider that as a business, the supplier prices can be quite competitive when comparing to the prices for the general public – and here the parents would consider if the initial investment would be worth it for possible future parties and the hassle of doing it themselves. Secondly, the price should vary between the average price parents do pay for a party with entertainment and fun (clowns, face paintings and so on) and the extravagant luxury parties where sky is the limit. Also, these parties are totally customised and parents could wish to have our design and also entertainment, so we have a door opened to partnerships with this kind of services. Thirdly, there is some evidence that in the type of parties we provide, parents’ insecurities are put to test; when this phenomena boomed in Portugal, there were customers which main desire was to have a party that looked better than the child’s colleague at school, being mainly influenced by peer pressure and blogger mothers that often hire these services (Reis, 2015). Social media has a lot of influence on this, where parents can exhibit the events and quite often the target is the

mother and not the children, as in many cases they are still toddlers or not even born (such as in the “baby showers” case).

In the UK, parents spend an average of £212 in their homemade parties, as mentioned previously, with one in six parents admitting to spend over £300 (Hope, 2015). Regarding the luxury segment, which parties can go up to hundreds of thousands, the basic price for something a little more professional than what parents could do themselves would start at around £5,000.

In sum, it was considered the cost, price and final price for the costumers, after calculating profit margins and cost of the handwork per hour. These values are represented in the table below.

| Average prices (25 pax party) |                      |                                |             |                       |               |               |                 |                            |               |             |  |
|-------------------------------|----------------------|--------------------------------|-------------|-----------------------|---------------|---------------|-----------------|----------------------------|---------------|-------------|--|
| Items                         |                      |                                |             |                       |               | Workforce     |                 |                            | Price         |             |  |
| Item(s)                       | Materials Used       | Cost of raw materials (per kg) | Weight (kg) | Cost per used unit(s) | Profit Margin | Initial Price | Hours allocated | Payment (per hours worked) | Profit Margin | Final Price |  |
| Main Cake (1)                 | Supplied             |                                | 1           | £ 40.00               | £ 6.00        | £ 46.00       | 0.5             | £ 4.00                     | £ 0.60        | £ 50.00     |  |
| Small Cakes (50)              | Chocolate            | £ 6.99                         | 0.25        | £ 1.75                | £ 0.79        | £ 2.53        | 2               | £ 34.96                    | £ 15.73       |             |  |
|                               | Baking Powder        | £ 2.49                         | 0.012       | £ 0.03                | £ 0.01        | £ 0.04        |                 |                            | £ -           |             |  |
|                               | Sugar paste          | £ 4.20                         | 0.625       | £ 2.63                | £ 1.18        | £ 3.81        |                 |                            | £ -           |             |  |
|                               | Edible Glue          | £ 4.00                         | 0.1         | £ 0.40                | £ 0.18        | £ 0.58        |                 |                            | £ -           |             |  |
|                               | Condensed Milk       | £ 3.59                         | 0.397       | £ 1.43                | £ 0.64        | £ 2.07        |                 |                            | £ -           |             |  |
| Cookies (50)                  | Butter               | £ 2.00                         | 0.05        | £ 0.10                | £ 0.05        | £ 0.15        | 1               | £ 10.48                    | £ -           | £ 44.14     |  |
|                               | Eggs                 | £ 1.50                         | 0.44        | £ 0.66                | £ 0.30        | £ 0.96        |                 |                            | £ -           |             |  |
|                               | Sugar                | £ 0.63                         | 1.25        | £ 0.79                | £ 0.35        | £ 1.14        |                 |                            | £ -           |             |  |
|                               | Flour                | £ 1.80                         | 2.5         | £ 4.50                | £ 2.03        | £ 6.53        |                 |                            | £ -           | £ 23.45     |  |
| Cookies coverage(50)          | Edible Glue          | £ 4.00                         | 0.01        | £ 0.04                | £ 0.02        | £ 0.06        | 1               | £ 10.48                    | £ 4.72        |             |  |
|                               | Sugar paste          | £ 4.20                         | 0.25        | £ 1.05                | £ 0.47        | £ 1.52        |                 |                            | £ -           | £ 12.06     |  |
| Cake Pops (40)                | Flour                | £ 1.80                         | 0.2         | £ 0.36                | £ 0.16        | £ 0.52        | 1.5             |                            | £ 11.80       |             |  |
|                               | Chocolate            | £ 6.99                         | 0.8         | £ 5.59                | £ 2.52        | £ 8.11        |                 |                            | £ -           |             |  |
|                               | Sugar                | £ 0.63                         | 0.6         | £ 0.38                | £ 0.17        | £ 0.55        |                 |                            | £ -           |             |  |
|                               | Butter               | £ 2.00                         | 0.328       | £ 0.66                | £ 0.30        | £ 0.95        |                 |                            | £ -           |             |  |
|                               | Baking Powder        | £ 2.49                         | 0.02        | £ 0.05                | £ 0.02        | £ 0.07        |                 |                            | £ -           |             |  |
|                               | Milk                 | £ 0.90                         | 0.5         | £ 0.45                | £ 0.20        | £ 0.65        |                 |                            | £ -           |             |  |
|                               | Eggs                 | £ 1.50                         | 0.12        | £ 0.18                | £ 0.08        | £ 0.26        |                 |                            | £ -           |             |  |
|                               | Vanilla extract      | £ 4.38                         | 0.015       | £ 0.07                | £ 0.03        | £ 0.10        |                 |                            | £ -           |             |  |
|                               | Edible Glue          | £ 4.00                         | 0.01        | £ 0.04                | £ 0.02        | £ 0.06        |                 |                            | £ -           |             |  |
|                               | Sugar paste          | £ 4.20                         | 0.25        | £ 1.05                | £ 0.47        | £ 1.52        |                 |                            | £ -           | £ 39.01     |  |
| Cookies                       | Oreo or other supply | £ 6.36                         | 1           | £ 6.36                | £ 1.59        | £ 7.95        | 0.25            | £ 2.62                     | £ 0.66        | £ 10.57     |  |
| Marshmallows                  | Supplied             | £ 3.59                         | 0.5         | £ 1.80                | £ 0.45        | £ 2.24        | 0.25            | £ 2.62                     | £ 0.66        | £ 4.86      |  |
| Juices                        | Supplied             | £ 2.00                         | 3.75        | £ 7.50                | £ 3.38        | £ 10.88       | 0.25            | £ 2.62                     | £ 1.18        | £ 13.50     |  |
| Cardboard                     |                      |                                |             | £ 10.00               | £ 2.00        | £ 12.00       | 0.5             | £ 5.24                     | £ 1.05        | £ 17.24     |  |
| Honeycombs                    |                      |                                |             | £ 5.95                | £ 1.19        | £ 7.14        | 0.25            | £ 2.62                     | £ 0.52        | £ 9.76      |  |
| Paper dishes (50)             |                      |                                |             | £ 3.38                | £ 1.01        | £ 4.39        | 0.1             | £ 1.05                     | £ 0.31        | £ 5.44      |  |
| Paper Cups (50)               |                      |                                |             | £ 3.20                | £ 0.96        | £ 4.16        | 0.1             | £ 1.05                     | £ 0.31        | £ 5.21      |  |
| Rented ceramics               | Rented               |                                |             | £ 10.00               | £ 4.50        | £ 14.50       | 0.25            | £ 2.62                     | £ 1.18        | £ 17.12     |  |
| 20 bottles                    | Owned                |                                |             | £ 15.00               | £ 5.25        | £ 20.25       | 0.5             | £ 5.24                     | £ 1.83        | £ 25.49     |  |
| Spice jars (10)               | Owned                |                                |             | £ 5.00                | £ 1.75        | £ 6.75        | 0.75            | £ 7.86                     | £ 2.75        | £ 14.61     |  |
| Baloons                       |                      |                                |             | £ 7.00                | £ 2.10        | £ 9.10        | 0.2             | £ 2.10                     | £ 0.63        | £ 11.20     |  |
| Customised Invitations (25)   | Paper+print          |                                |             | £ 10.00               | £ 4.50        | £ 14.50       | 2               | £ 41.96                    | £ 18.88       | £ 56.46     |  |
| Customised Labels (50)        | Paper+print          |                                |             | £ 20.00               | £ 9.00        | £ 29.00       | 2               | £ 41.96                    | £ 18.88       | £ 70.96     |  |
|                               | Paper+print          |                                |             | £ 10.00               | £ 4.50        | £ 14.50       | 3               | £ 62.94                    | £ 28.32       | £ 77.44     |  |
| Customised souvenirs (25)     | Lollipops            | £ 6.50                         | 0.5         | £ 3.25                | £ 0.65        | £ 3.90        | 0.5             | £ 5.24                     | £ 1.05        | £ 9.14      |  |
|                               | candies              | £ 6.11                         | 0.5         | £ 3.06                | £ 0.61        | £ 3.67        |                 | £ -                        | £ -           | £ 3.67      |  |
| <b>Total</b>                  |                      |                                |             | £ 186.68              | £ 60.77       | £ 247.45      | 16.9            | £ 273.87                   | £ 115.78      | £ 521.32    |  |

**Figure 17. Basic Pricing Definition Strategy**

As can be seen in the table, the prices were set based upon various factors. First, the price of the cooked products was calculated based on the price per kg and multiplied by the actual amounts used; for the goods owned, such as the decorating materials (jars, cans, and so on) half of the price was charged plus a profit margin, which makes the final price still below the

one in the shop and enables the business to generate cash in order to manage the products' wear; for the rented items, the same process was followed, with the difference that The Factory hires the products for half of what the customers do in the shop themselves. The margins applied were of 45% on cooked goods, 20% minimum in supplied goods (such as cookies, candies and so on), 35% in owned products (decorative materials) and 45% in the rented ones. As for the hourly cost of work, the rates paid per hour vary for the author and the other workers, with the designer spending initially 7 hours working on the project and a "handy man" spending 3,5. All the workforce costs were carefully detailed and summed up to ensure the salaries were paid. For that reason, profit margins over the products themselves do are not very high in this initial stage.

Hence, for a party of 25 guests, the average number in children's classrooms, the expected final price is of around £520, with a complete service of a supplied main cake, decorations and design labels and invitations. For that same event, it costs The Factory £186.88 on materials and around £273 on salaries to workers; hence the profit margins are of around £177. These are the initial values, which with time are intended to grow, as it will be explained further on the financial plan. It is also important to clear out that costumers may order a party excluding one of these elements, in order to reduce costs.

The established average price is within the limit the majority of the costumers showed to be willing to pay, according to the questionnaire (around £450) and has potential to increase quickly, as it will be shown further on.

More importantly, considering the competition and data collected from other mentioned market studies, if parents themselves spend an average of £212 to a limit of £300 and the competitors are situated between £200 and £330 offering part of the service (only entertainment/ only cake making/only table decorations), then there is plenty of space from £330 to the luxury market that tends to start on £5,000. Hence, £520 seems like more than a fair value for money for a service that starts by entering the "lower" premium sector.

Regarding the payment method, costumers must pay 50% beforehand, once it is agreed on a date for a planned event.

It is important to remember that this service plans the parties accordingly to the budget and, as said before, there is no limit in the price – the more components parents ask for, the higher is the price – so it is not very clear which will be exactly the average price initially, but the minimum is the one considered in the table.

#### ***3.8.1.4. Place***

Regarding the place, the offices will be initially located at the owner's residence, in Nottingham city centre, a semi-detached house with a garage, where all the stock will be stored. The kitchen will be used to prepare the patisserie, after being inspected and approved by the Food Standards Agency. This allows not only cost savings (for not having to rent an extra space) as it is also advantageous, as part of the home bills related to the divisions of the house used for the business in working periods are claimed back for tax purposes.

In a later stage, it is expected that The Factory takes presence in expositions and other entrepreneurial events and open temporary, "pop-up" shops to generate more brand awareness and contact closely with costumers, allowing them to get to know the service and meet the team. The Hive incubator will be the main contributor at this point, with its low rental rates and benefits, with very well located spots throughout the city.

#### ***3.8.1.5. People***

Regarding the people responsible for the communication, it is initially the author of the project, and will be available to answer to any queries, requests or provide an "after sales" service, in order to ensure clients are satisfied and to receive some feedback in order to improve the service.

In a later stage, once the team grows, the expertise that comes through the experience will be passed on to other employees, with informal training, always with the goal of keeping an effective costumer service, from the reception of a query to the call after the event to have feedback from the experience.

#### ***3.8.1.6. Process***

Regarding the Process, it is initially a simple one, which aims to deliver the service only at the weekends, through the arrangements of all the components during the week. Hence, for two parties held on Saturday and Sunday, it is expected that Monday and Tuesday are spent in the planning and conception of the first event and Wednesday and Thursday for the second one; Friday is the day left for last-minute supplies and it is reserved for any unexpected issue that might appear.



This way it is ensured that clients are provided with the best quality service and do not have to deal with any disappointment. Also, one of the team members is available on a 24/7 basis through the phone, email or Facebook, in order to ensure a responsive customer service and to satisfy all enquiries effectively. Moreover, and given the importance of Facebook, a set of expected questions will be created as well as the answers in order to save time, covering the main common questions regarding the service.

#### ***3.8.1.7. Physical Evidence***

The physical evidence of this service will be the portfolio of past events, created beforehand of the launch of the business. This aims the creation of trust and a clearer introduction of the service to the customers, by providing them with examples of what was done in the past, even if in smaller events.

Also, the social media pages will have already contents by the time of its public launch, such as the past events and reviews from the first “clients” – the company’s “friends” that benefited from the pro-bono events.

#### **3.8.2. The Target**

The Target selection was based on the type of business, market needs and the results of the questionnaire considering as well as social, demographic and technological factors (usage of internet, social media and so on).

Hence, the main target initially is that of working women with children, aged between 30 and 55 years old, belonging to the middle/upper class, residents in Nottingham area - which includes the City of Nottingham and all its urban subdivisions with special emphasis in West Bridgford, The Lace Market and The Park, which are the wealthiest areas.

According to the Carfts Council (2015), 57% of the consumers in the UK are female and 59% are under 44; 25% have a first degree of higher and most of them are more likely to browse over the internet before buying crafted items. This behaviour is expected for this service.

Nevertheless, all Nottinghamshire area, including Derby may be considered, as well as neighbour cities, depending on the size and profitability of a given demanded event – highly profitable events shall not be declined for the sake of a few more kilometres.

However, and as mentioned, this is the initial expected target; the ones that will benefit from the service the most, as the brand’s strategy is to enter first in the children’s market;

throughout time, however, it is expected that the target will remain more or less the same, but with or without children and even men that aim to surprise their relatives or friends.

### **3.9. Operations and Logistics Plan**

#### **3.9.1. Suppliers**

The main suppliers of this project are The Cake Decorating Company, for the main cake. This shop has the best price/quality value in the city, and agreed to supply cakes with 20% discount and free delivery. It also assumes total responsibility in case of any accident occurred during transportation or setting of the cake in the event, by refunding totally the payment and providing immediately another cake or other similar alternative. These will also supply cupcakes or cake pops, according to our needs, with the same discount rate and delivery exemption costs. In exchange, The Factory helps promoting the brand by informing its costumers of the cake designers both in social media platforms and in the written contracts with the costumers.

Sweet Success is the supplier for sugar paste and is intended to become a partner in the future, offering discounts in exchange of advertising; however, by now, the company decided to wait for The Factory results to ensure its partnership.

Vintage Doorset and Starry Delights both agreed on supplying The Factory's specific needs for ceramics, such as vintage tea sets, cake stands, serving plates, boxes and so forth. The supply of these materials consists of a free hiring service that lasts three days and in exchange The Factory advertises the brand in its Facebook and Instagram pages. The artificial flower shop is our main supplier of artificial flowers, with no advertising mention obligation but discounted prices and for real flower arrangements, e-florists UK is the e-seller of those, with discounted prices and word of mouth advertising required.

Finally, the current main supplier of foods is Makro and the foods are produced at The Factory's premises and delivered to the clients by the team. However, in a near future, as soon as the brand generates awareness, the idea is to establish partnerships with renowned brands such as Innocent brand of juice, quite popular in the country and a reference on the healthy yet affordable beverage market. This will allow The Factory to ensure its quality and promote the trust within the clients' side, but at this stage is too early to negotiate with such a brand.

#### **3.9.2. Logistics**

In which concerns logistical aspects, this business works in a relatively simple way; there is an initial purchase of materials and other assets, which are stored in the office's premises (home). The stocks are replaced whenever there is demand for those. This applies to the materials and also to the food and beverages. This way, extra stocking costs and potential losses are avoided.

It is also important to state the events planning time will be set by the demand, although it is believed that whilst working on the shortly upcoming events, the team will be preparing the distant ones according to their demanded level of workload, which will define the priority.

Regarding the supplies, the majority are ordered through the Internet, which allows the business to save in traveling expenses. The only exceptions are the ready-make cakes (the main one, and smaller ones when needed), which are delivered directly from the suppliers to the event location in a pre-scheduled time.

Regarding other eventually needed materials, decorations, food or even services (such as entertainers, clowns, face-painters) these will be researched and purchased upon demand as well; for instance, if a customer demands an extremely pricy asset in their event, the price charged to the costumer will compensate the time, travel expenses and cost of acquiring that asset. It is due to this characteristic that the business can set the costumers' imagination and purchasing power as the only limit(s).

### 3.9.3. Calendar Plan

This business launch is planned for February 2016. For this reason, the preparation of all activities related to the launch – such as buying the materials, setting up the company legally, creating a portfolio and advertising – shall be done in the previous months, as shown below.

| Task                      | Due Time |  |        |  |        |  |        |  |
|---------------------------|----------|--|--------|--|--------|--|--------|--|
|                           | Nov-15   |  | Dec-15 |  | Jan-16 |  | Feb-16 |  |
| Buying all the materials  |          |  |        |  |        |  |        |  |
| Creation of the Portfolio |          |  |        |  |        |  |        |  |
| Preparing legal setup     |          |  |        |  |        |  |        |  |
| Preparing all advertising |          |  |        |  |        |  |        |  |
| Teasers                   |          |  |        |  |        |  |        |  |
| Offical Launch            |          |  |        |  |        |  |        |  |

**Figure 18. Calendar Plan**



### **3.10. Financial Plan**

#### **3.10.1. Initial Investment**

The initial costs will consist of a first investment essentially in the decorative (raw) materials, bakery tools, transportation (in this case, a second hand van) and office materials.

As shown in the Appendix 3 of this project, the initial investment needed to start operating this business is of around £2,807, which is below the available budget of £7,000, which is the actual investment value, in order to ensure enough available funds in the first year and wages' payment when needed.

Besides the initial costs with materials, which account for the majority of the expenditures, Liability Insurance is very important to keep the business risk-free, especially because it involves children. Hence, with £125 a year, the risks are covered until £10 million. Moreover, in the business' policies and rules it will be clear that any accident happening during the events is out of the company's responsibilities, and the same about some incidents involving food and beverage (for instance, if a child has some problem derived from an allergy to an ingredient and the parents were not informed and/or did not inform the company about it). Moreover, the van insurance is estimated in an annual cost of around £594.84 that can be paid in three times of 198.28 throughout the year.

#### **3.10.2. Variable Expenses**

The Liability Insurance is paid in monthly fractions of £10.41; the van insurance is paid in three fractions of £198.28 each and the main variable expenses will be of disposable materials (such as balloons, some bottles subject to painting or wasting) and food.

Moreover, in the middle/long term, some other costs might be added, such as acquiring and maintaining brand copyrights such as agreements made with Disney, Mattel and other children's "superhero" brands for the thematic parties, to ensure the use and distribution of the images in the party (cakes, gift packs, toys and so on).

#### **3.10.3. Financial Forecasts**

The financial part of this project will stress the forecasts in general terms, with the Financial Projection showed in the Appendices section (Appendix 4,5,6,7 and 8), with a forecast for the first five years of business operations. It was also created an estimate projection for the Income Statement. It did not make sense to create forecasts for other accounting documents such as the Balance Sheet and the Cash Flow Statement, as these documents would be made of fictitious figures and assumptions. However, for the Income Statement, which results from the 5-year general financial forecasts, the values were estimated based on what it was believed to be reasonable and realistic sales figures and predicted expenses, since the business did not start its operations yet.

| INCOME STATEMENT (5-Year Estimate) |                         |                    |                     |                     |                     |                     |
|------------------------------------|-------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue                            |                         | 2015               | 2016                | 2017                | 2018                | 2019                |
|                                    | Sales revenue           | £ 50,282.24        | £132,600.00         | £ 193,272.00        | £ 316,800.00        | £ 393,600.00        |
|                                    | Other revenue           | £ -                | £ 2,250.00          | £ 2,250.00          | £ 2,250.00          | £ -                 |
| <b>Total Revenues</b>              |                         | <b>£ 50,282.24</b> | <b>£ 134,850.00</b> | <b>£ 195,522.00</b> | <b>£ 319,050.00</b> | <b>£ 393,600.00</b> |
| Expenses                           |                         |                    |                     |                     |                     |                     |
|                                    | Advertising             | £ 400.00           | £750.00             | £ 270.00            | £ 270.00            | £ 270.00            |
|                                    | Furniture and equipment | £ 1,949.99         | £ 2,100.00          | £ 300.00            | £ 2,100.00          | £ 1,800.00          |
|                                    | Insurance               | £ 719.76           | £1,003.12           | £1,144.80           | £1,524.72           | £1,774.68           |
|                                    | Maintenance and repairs | £ 1,302.00         | £1,302.00           | £1,302.00           | £1,953.00           | £2,604.00           |
|                                    | Office supplies         | £ 241.16           | £390.00             | £ 390.00            | £ 390.00            | £ 390.00            |
|                                    | Payroll taxes           | £ 145.56           | £1,428.91           | £ 4,280.26          | £ 4,329.34          | £ 6,471.81          |
|                                    | Rent                    | £ 3,600.00         | £3,600.00           | £3,600.00           | £3,600.00           | £3,600.00           |
|                                    | Salaries and wages      | £ 24,209.86        | £52,968.38          | £ 74,688.22         | £ 104,173.55        | £ 129,708.69        |
|                                    | Travel                  | £ 1,200.00         | £1,800.00           | £ 2,400.00          | £ 3,300.00          | £ 5,400.00          |
|                                    | Utilities               | £ 14,369.41        | £28,519.62          | £ 47,004.00         | £ 47,004.00         | £ 47,004.00         |
|                                    | Web hosting and domains | £ 468.87           | £172.87             | £ 172.87            | £ 172.87            | £ 172.87            |
|                                    | Other                   | £ 585.00           | £585.00             | £ 360.00            | £ 585.00            | £ 585.00            |
| <b>Total Expenses</b>              |                         | <b>£ 49,191.61</b> | <b>£ 94,619.90</b>  | <b>£ 135,912.15</b> | <b>£ 169,402.48</b> | <b>£ 199,781.05</b> |
| <b>Gross Income</b>                |                         | <b>£ 1,090.63</b>  | <b>£ 40,230.10</b>  | <b>£ 59,609.85</b>  | <b>£ 149,647.52</b> | <b>£ 193,818.95</b> |
| <b>Depreciation</b>                |                         | <b>£ 755.04</b>    | <b>£ 1,155.00</b>   | <b>£ 1,504.98</b>   | <b>£ 1,904.94</b>   | <b>£ 2,554.92</b>   |
| <b>Income Taxes</b>                |                         | <b>£ 218.13</b>    | <b>£37,461.41</b>   | <b>£54,010.12</b>   | <b>£ 98,524.00</b>  | <b>£ 123,601.72</b> |
| <b>Net Income</b>                  |                         | <b>£ 872.51</b>    | <b>£2,768.69</b>    | <b>£5,599.73</b>    | <b>£ 51,123.52</b>  | <b>£ 70,217.23</b>  |

Figure 19. Income Statement (5-Year Forecast)

It is important to clarify which were the main assumptions made to obtain these results. The first assumption is that in the first two months of the business (starting in February) there will be already costumers and events planned, one per weekend, as the advertising was done previously, which ensured the first costumers. Secondly, it is assumed that from the third month on, the client base will grow and this will allow The Factory to have two events per weekend, which results in a total of 8 events per month. For the sake of simplicity it was also assumed that each month has 4 weeks/weekends, which sums up a total of 48 weeks, a

number below the 52 weeks on a calendar. Hence, in reality the company is likely to produce more events per year.

Regarding the sales values, it was assumed that the average minimum price for an event is of around £520 and according to the market study, the majority of the enquired parents are willing to pay up to £600, hence the tabled value is an average of £558 per event from the sixth month onwards, time when brand awareness is expected to increase. By the same logic, parents are expected to demand greater and pricier events as the trust in the brand rises up. Moreover, it is expected that some events will overtop our higher expectations for demand, so the presented values were modest estimates of a best case scenario of a regular demand – where in reality, demand might be lower but with more profitable events.

It was also assumed that the cost of the catering (food/beverages) is of around £186 per event. Because it was invested £836.68 of stock initially, the stock must only be replaced around every 5 events. Inflation rates were not considered. Hence, from the third month onwards, where the company is expected to produce 8 events per month, the monthly cost of stock is of £1306.31.

All these values will vary according to the demand and depending on the requests made by the costumers for each party; these will, perhaps demand more expensive events and, instead of the weekends, they can also request for mid-week events – probably smaller ones.

Regarding the wages, as a self-employed individual and sole trader, the owner's salary is subject to payment of National Insurance (NI) on class 2 and is exempt of income taxes as an individual, as the business and the owner are the same entity for tax purposes. Hence, the income taxes are paid on profits; the owner, as an employer is also exempt from paying social insurance for the other workers in the first year, as these are a freelancer and a zero-hour contract collaborator, being both responsible for their own tax and NI payments. The payment for the employees is of £8 an hour for the owner, £7 for the “handyman” and £10.5 for the designer. This situation will change over the course of time, with the employment of staff.

From the second year onwards, the company is going to hire a second full-time employee and more employees will be added throughout time and needs, as estimated in the table X. When hiring a new full-time employer for the first time, in the first three months the company will only pay 25% of the salary, as it will apply for a Santander/NTU internship fund, as it will hire a graduate from that university. Hence, for a monthly payment of £1000 during the first three months, the company will only pay £250. This corresponds to the probation period, after which it is planned to hire the worker and pay £1,204.00 before taxes, for a working week of

35 to 42 hours. For all the upcoming full-time employees hired, the national insurance and income taxes paid are shown in the table under the acronym PAYE (Pay As You Earn), a system where the employer deducts the income taxes and national insurance from the wages before these are paid to employees. The values are based on the HRMC table for 2015 (UK Government, 2015). For National Insurance, it is required the payment of Class 1 for employees (the table rates can be seen in the Appendices section – Appendices 11 and 12 - and for income tax, 20% is paid on annual earnings above £10,000.

The need of hiring a new full-time worker is justified by the increase on sales; instead of 8 parties a month, the company plans to start, after those initial three months, to provide 12 parties a month, 3 per weekend. This will also allow a general increase in the income for all previous workers, due to the increase of the hours worked and an investment in materials, such as a new van. It is assumed that per acquired van, the insurance payments will decrease per van, due to discounts provided by the insurer (from £198.8 in three payments a year, to £150 per van after the second van and then £120 per van after the third one). Also, it is predicted that the average price per event will grow over time, due to brand recognition and demand- this will help generating profits and keeping the same workforce. Hence, the average estimated price will be of £600 per event, not necessarily because of price rises but because the focus will be on the upper class target, as at this point the brand is widely known. On the seventh month, thanks to hiring a new freelance designer and a new collaborator (handyman), it will be possible to have 20 parties a month, five per weekend. In the last trimester of that year, starting in November, it is expected that the average charged price for event is of around £800. This increase in the number of sales will imply acquiring new assets and materials throughout time, such as another van. It is expected, however, that until the second semester of the fourth year, there will be no need for more than two vans, as only two events can be held at the same time, according to the company's policy. Supposing the events are only done in the weekend, the worst case scenario is that of 9 events per weekend (for a total of 36 events/month), and there can be a maximum clash of 3 events at the same time, therefore the need for a third van at this point. However, if the demand does not enable flexibility for this distribution, more vans can be bought or hired, accordingly.

Until then, the company can hire a van every needed weekend for a few months to ensure it is worth the investment. In order to obtain the results once the average charged is of £800 per event, there were considered other changes in costs, namely in the stock reposition and other expenses, because although the number of events is the same, higher quality might mean acquiring more and diversified materials from the existing (or new) suppliers. However, the



business starts to be stable, recognised and the partnerships with the suppliers are expected to be developed and at a good stage. Also, it is expected that due to the higher supply of products from the partners, these will decrease the costs per unit, as the number of sold goods will increase, at a regular pace of purchasing. Also, all the prices were considered for the period of October 2015 – with time, inflation and other factors might change the pricing in the future. For the sake of simplicity, this matter was not approached in the plan.

Until the fifth year, the number of expected parties per month will increase until 44 parties; accordingly, new more full-time, freelance and zero hour contract workers will be hired, as the business grows.

## **4. Future Possible Partnerships**

Initially, the project was funded with the owner's capital, which will enable the initial running of the business with no major constraints. However, after the initial months, the author plans to subscribe to the SmarTrak, a three-year programme at The Hive in order to receive guidance, evolve the business structure and gain costumers in a supportive entrepreneurial environment, in a joint space with other like-minded individuals. This programme has no upfront costs but counts on a three-year royalty agreement in which the entrepreneur pays to The Hive 2 to 3% on the sales turnover in this period. In exchange, and apart from all the provided support, there is easier access to investor pitch contests and events that provide access to funding, as well as the possibility of extending the local network, through seminars and other exhibitions, which is a major advantage for the author that comes from a foreign country.

After a couple of years of this project, when the business starts generating visible profits that bring more stability to this venture, the next goal will be the growth of the business.

Therefore, and depending on the results so far then, this project will be taken to investor pitches with the objective of attracting private investors. These normally invest large amounts of money, which might be needed to expand the business (by hiring more staff and in order to expand it geographically throughout the UK) and in exchange ask for an equity stake of the business. This only makes sense in that stage, since in the beginning the funds used were the owner's capital and normally investors do not invest in start-ups but rather in companies with proven track record, able to show results, a realistic business plan and a unique selling point. (Stanbridge and Davis, 2015).

On the other hand, and keeping up with this expansion in size and location, the portfolio shall also be expanded, namely with the creation of customised parties to all sorts of public, such as adult parties (birthdays, graduations, Christmas, Easter, and so on), after the expertise and recognition in the children's market. Also, there is an intention of development of partnerships with more and more brands, such as ceramic brands (promoting the artists' work in exchange of using their items temporarily in the parties) and food and beverage brands. By partnering with juice brands, for instance - such as Innocent, quite renowned and trustworthy in the UK – it will help improving trust from parents, which is hoped to help with the achievement of quality standards; this way, the business can focus less in the catering and more in the planning and decoration, which is the brand's main differential. Moreover, if the

demand in the children's market justifies, there are some possible partnerships in the near future, such as those to acquire copyrights for selling and distribution of children's main superhero brands – such as Disney, Mattel, and so on. This can be quite bureaucratic and expensive, since in exchange for royalties these brands charge up to 12% on profits and for that reason it is not an initial possibility.

## 5. Conclusions

The aim of this project was to explore and develop a business plan in the events planning industry, for a small but scalable business, which implies a low investment and consequently low risk.

The location of the business – Nottingham, UK - was chosen due to a gap to fill in the local market and entrepreneurship facilitation. This city, along with the overall UK scenario, represents a high potential area, with a strong purchasing power and generally inviting factors regarding economic, legal and social aspects, which were shown throughout the project. This was divided in different parts concerning all the analysis and using complementary frameworks such as PESTEL, SWOT, Porter's 5 Forces and marketing tools such as the marketing-mix, which importantly illustrated how the demand could be generated for this service.

Also, the potential demand data was collected from a survey of 190 participants in Nottingham area and then extrapolated to a significant sample of the local population to demonstrate how the idea can effectively succeed. Moreover, these respondents were parents as the business will initially be focused on the children's market. However, in a near future the company is expected to produce all sorts of events.

The project and its financial figures proved it is feasible, and it also shows that even with a low initial investment and a low risk, it is possible to develop a small business and make it scalable – as long as there is demand for it, which should be the main concern of any entrepreneur.

However, there were some limitations regarding the questionnaire sample, which would have been ideally wider. Also, due to time constraints, it was not possible to study a variable that is believed to make the difference in this type of service, and that can influence the service itself - namely regarding the average rates parents gave to the most important elements in a party, that might very likely be the decorations and aesthetical part of it - and the price. This variable and the psychological aspects regarding the parents' ways of compensating the time they wished they had for their children (instead of being at work, for example), and how this would affect the perception of the importance of this service for them. The confirmation that

this could be a meaningful way of “bringing back” the time they do not spend with their children, or that the parents really compete amongst each other for being a “better parent” than their peers through the money they spend on providing memorable parties for their children, could really influence some aspects such as the price. However, it will be relatively easy to understand and confirm these insights throughout time; as it happens in Portugal, mothers in the UK might also wish to reproduce or outstrip a party that other child had in an evident way of peer competition, for instance.

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## 8. Appendices

### Appendix 1 – Questionnaire

1. Do you have children? Please finish the survey here if the answer is “no”. Thank you.  
☐Yes  
☐No
2. Would you consider hiring a service to plan and make a totally customised, aesthetically appealing birthday party at home with all the service provided (invitations, decorations – including thematic parties - , main cake, matching cakes, cake pops, catering)? Please finish the survey here if your answer is “no”. Thank you.  
☐Yes  
☐No
3. How much (maximum) would you be willing to pay for it (average 25 pax)?  
☐£300-£450  
☐£450-£600  
☐£600-£750  
☐£750+  
☐Other. Please specify: \_\_\_\_
4. Would you consider doing the same party in a space that not your home?  
☐Yes  
☐No
5. How much (maximum) would you be willing to pay for it (average 25ppl)? Please skip this question if you answered “no” in the previous one.  
☐£450-£600  
☐£600-£750  
☐£750-£900  
☐£900+  
☐Other. Please specify: \_\_\_\_
6. Please rate, on a scale from 1 (not at all important) to 5 (extremely important), how relevant the following elements are for you, in a child's party

| Element   | 1                        | 2                        | 3                        | 4                        | 5                        |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Safety (of the decorative elements)                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fun and entertainments (clowns, face-painting, etc) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Decorations/having an appealing party               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Healthy Food  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. Would you consider hiring a similar service for another type of party (your own birthday, wedding anniversary, graduation, mother's day?)

☐Yes

☐No

## Appendix 2

| Competitor's Name             | Type of Service Provided  | Main Difference of Service   | Social Media presence              | Prices (avg 25 children)   | Presence in the market |
|-------------------------------|---|--|------------------------------------|--|------------------------|
| Candy Creations of Nottingham | Sweet table design for parties  | Specialised just in the sweets, not in decorations   | Facebook and Pinterest (neglected) | Start at £150  | 3 years                |
| Sweet Candy Buffet            | Sweet table design for parties (just sweet catering)  | Specialised just in the sweets, not in decorations   | Facebook (not very active)         | Start at £125  | 20 years               |
| A Perfect Party               | Entertainment (non commercial themed characters) and tableware suppliers (Disney resellers) | "Ready made" items (ie Disney supplies, not crafted);have own characters due to lack of copyrights | None                               | Start at around £250 with just entertainment (maximum 30 children) | 9 years                |
| Jabberjacks                   | Themed entertainment (magic, puppets, music, clowns)  | Focus on entertainment, not decorations nor sweet table design                                     | Facebook                           | start at £100 per 45 minutes                                       | 11 years (franchising) |

|                   |   |  |  |      |         |
|-------------------|---|--|--|------|---------|
| Sarah's Cup Cakes | Cup cake themed parties where children do it themselves | It is just a cupcake workshop in a party | Facebook "Sarah's Cakes" (cake design service) | £330 | No info |
|-------------------|---|--|--|------|---------|

### Appendix 3. Initial Investment in Materials

| Initial Costs in Materials |        |                |        |                   |
|----------------------------|--------|----------------|--------|-------------------|
| Element                    | Amount | Price per unit | Total  | Store             |
| Water bottles              | 15     | £2.00          | £30.00 | IKEA (Nottingham) |
| Small bottles w/ cork      | 20     | £4.50          | £90.00 | IKEA (Nottingham) |
| Jar with lid               | 10     | £0.80          | £8.00  | IKEA (Nottingham) |
| Jard with lid              | 10     | £1.00          | £10.00 | IKEA (Nottingham) |
| Spice jar (4 units)        | 4      | £1.50          | £6.00  | IKEA (Nottingham) |
| Plant watering cans        | 6      | £5.00          | £30.00 | IKEA (Nottingham) |
| Jar with lid (small)       | 10     | £1.00          | £10.00 | IKEA (Nottingham) |
| Jar with lid (medium)      | 10     | £2.00          | £20.00 | IKEA (Nottingham) |

|                           |    |        |        |                               |
|---------------------------|----|--------|--------|-------------------------------|
| Candle holder             | 10 | £2.00  | £20.00 | IKEA<br>(Nottingham)          |
| Cans                      | 25 | £-     | £-     | From homes and<br>restaurants |
| Clear bottles             | 30 | £-     | £-     | From homes and<br>restaurants |
| Serving stand with<br>lid | 4  | £9.50  | £38.00 | IKEA<br>(Nottingham)          |
| Cake Stand                | 2  | £6.00  | £12.00 | Wilko<br>(Nottingham)         |
| Cupcake stand             | 2  | £10.00 | £20.00 | Wilko<br>(Nottingham)         |
| Cupcake stand             | 2  | £10.00 | £20.00 | Wilko<br>(Nottingham)         |
| Wood serving stand        | 3  | £12.00 | £36.00 | IKEA<br>(Nottingham)          |
| Tray                      | 2  | £7.00  | £14.00 | IKEA<br>(Nottingham)          |
| Serving Bowl              | 2  | £8.00  | £16.00 | IKEA<br>(Nottingham)          |



|  |    |        |         |  |
|--|----|--------|---------|--|
| Serving plate  | 6  | £2.00  | £12.00  | IKEA<br>(Nottingham)   |
| Wood storage crates  | 6  | £7.00  | £42.00  | IKEA<br>(Nottingham)   |
| Wood boxes   | 8  | £5.00  | £40.00  | IKEA<br>(Nottingham)   |
| Paper Trimmer  | 1  | £29.16 | £29.16  | Staples<br>(Nottingham)  |
| Acrylic inks (all colours, 200 mL)                         | 10 | £1.50  | £15.00  | Wilko<br>(Nottingham)  |
| Colour spray (all colours)                                 | 30 | £3.95  | £118.50 | Wilko<br>(Nottingham)  |
| Art brushes (25 pack)                                      | 4  | £3.50  | £14.00  | Wilko<br>(Nottingham)  |
| Paper dishes (kits of 100 in white, pink , blue and green) | 1  | £6.76  | £6.76   | Creative Company online shop:<br><a href="http://www.cc-craft.co.uk">http://www.cc-craft.co.uk</a> |
| Paper Cups (100 of each colour)                            | 4  | £6.40  | £25.60  | Creative Company online shop:<br><a href="http://www.cc-craft.co.uk">http://www.cc-craft.co.uk</a> |
| Cutlery (24-piece kits)                                    | 2  | £7.70  | £15.40  | IKEA<br>Nottingham   |
| Baloons (100)  | 2  | £9.25  | £18.50  | Creative Company   |

|   |   |        |        |                                |
|---|---|--------|--------|--------------------------------|
| Balloon pump  | 1 | £1.00  | £1.00  | Creative Company               |
| Tablecloths (various colours)                           | 5 | £10.00 | £50.00 | IKEA Nottingham                |
| Cookie cutters (numbers, letters and other shapes)      | 1 | £50.50 | £50.50 | Creative Company               |
| Honeycomb paper (8)                                     | 2 | £5.95  | £11.90 | Creative Company               |
| Cardboard (many colours, 12 sheets)                     | 5 | £1.00  | £5.00  | The Works (Nottingham)         |
| Pastel Lace Trims (pack of 6)                           | 2 | £1.00  | £2.00  | The Works (Nottingham)         |
| Fabric (1 meter)  | 2 | £2.00  | £4.00  | The Works (Nottingham)         |
| Ribbons   | 6 | £1.00  | £6.00  | The Works (Nottingham)         |
| Sugar Paste 1kg of 4 basic colours)                     | 4 | £4.20  | £16.80 | Sweet Success UK (online shop) |
| Cake Pop Set (cake pop stand + 20 piece mold and stick) | 2 | £5.44  | £10.88 | Amazon UK                      |
| Cake Pop Stand (white)                                  | 2 | £10.99 | £21.98 | Amazon UK                      |
| Cake Pop Sticks (50 blank)                              | 1 | £2.50  | £2.50  | Amazon UK                      |
| Cake Pop Sticks (60 pastel colour)                      | 2 | £2.99  | £5.98  | Amazon UK                      |
| Edible Glue   | 2 | £1.00  | £2.00  | Poundland                      |

|  |    |           |                  |                                     |
|--|----|-----------|------------------|-------------------------------------|
| Pastry Bag                                     | 4  | £1.00     | £4.00            | Poundland                           |
| Liquid food colour<br>(13 colours)             | 13 | £1.99     | £25.87           | Sweet Success<br>UK (online shop)   |
| Van (second hand<br>Renault Kangoo)            | 1  | £1,500.00 | £1,500.00        | Autotrader UK<br>(autotrader.co.uk) |
| Multifunction printer                          | 1  | £149.99   | £149.99          | Staples<br>(Nottingham)             |
| Sticker Paper (pack<br>of 800sheets)           | 1  | £12.00    | £12.00           | Staples<br>(Nottingham)             |
| Printing Paper (1<br>ream)                     | 1  | £9.16     | £9.16            | Staples<br>(Nottingham)             |
| Ink Cartridges (Print<br>toner)                | 2  | £30.00    | £60.00           | Staples<br>(Nottingham)             |
| Business Cards (200)                           | 1  | £20.00    | £20.00           | Moo UK                              |
| Brand Registering                              | 1  | £270.00   | £270.00          | UK Gov                              |
| Van insurance                                  | 1  | £198.28   | £198.28          | Aviva Insurance                     |
| Liability Insurance<br>up to<br>£10M(125/year) | 1  | £10.41    | £10.41           | Allianz                             |
| <b>TOTAL</b>                                   |    |           | <b>£3,167.17</b> |                                     |

#### Appendix 4 – Financial Forecast – Year 1

## Appendix 5 – Financial Forecast – Year 2

## Appendix 6 – Financial Forecast – Year 3

## Appendix 7 – Financial Forecast – Year 4

## Appendix 8– Financial Forecast – Year 5

| General Financial Forecast 2019/2020 - YEAR 5    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| The Factory Events                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
|  | Feb-19             | Mar-19             | Apr-19             | May-19             | Jun-19             | Jul-19             | Aug-19             | Sep-19             | Oct-19             | Nov-19             | Dec-19             | TOTALS              |
| <b>Opening Balance</b>                           | <b>£15,523.95</b>  | <b>£29,812.07</b>  | <b>£44,159.17</b>  | <b>£58,056.28</b>  | <b>£74,289.37</b>  | <b>£90,362.45</b>  | <b>£106,515.53</b> | <b>£121,713.53</b> | <b>£139,416.52</b> | <b>£157,818.13</b> | <b>£174,619.71</b> | <b>£191,741.30</b>  |
| <b>Cash Inflow</b>                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Sales  | £28,800.00         | £ 28,800.00        | £28,800.00         | £32,000.00         | £32,000.00         | £32,000.00         | £35,200.00         | £35,200.00         | £35,200.00         | £35,200.00         | £35,200.00         | £ 393,600.00        |
| Other  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| <b>Total Cash Inflow</b>                         | <b>£28,800.00</b>  | <b>£ 28,800.00</b> | <b>£28,800.00</b>  | <b>£32,000.00</b>  | <b>£32,000.00</b>  | <b>£32,000.00</b>  | <b>£35,200.00</b>  | <b>£35,200.00</b>  | <b>£35,200.00</b>  | <b>£35,200.00</b>  | <b>£35,200.00</b>  | <b>£ 393,600.00</b> |
| <b>Cash Outflow</b>                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| <b>Investments</b>                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| (Equipment assets)                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| - van  |                    |                    |                    |                    |                    |                    | £ 1,800.00         |                    |                    |                    |                    | £ 1,800.00          |
| - computer                                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £ -                 |
| - printer  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £ -                 |
| Stock  | £ 3,133.60         | £ 3,133.60         | £ 3,133.60         | £ 3,760.32         | £ 3,760.32         | £ 3,760.32         | £ 4,387.04         | £ 4,387.04         | £ 4,387.04         | £ 4,387.04         | £ 4,387.04         | £ 47,004.00         |
| Stationery                                       | £ 20.00            | £ 20.00            | £ 20.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 40.00            | £ 40.00            | £ 40.00            | £ 40.00            | £ 40.00            | £ 390.00            |
| <b>Operational Costs</b>                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Salary 1 (Owner)                                 | £ 2,315.74         | £ 2,315.74         | £ 2,315.74         | £ 2,515.74         | £ 2,515.74         | £ 2,515.74         | £ 2,715.74         | £ 2,715.74         | £ 2,715.74         | £ 2,715.74         | £ 2,715.74         | £ 30,788.93         |
| Salary 2 (Designer)                              | £ 882.00           | £ 882.00           | £ 882.00           | £ 979.97           | £ 979.97           | £ 979.97           | £ 808.50           | £ 808.50           | £ 808.50           | £ 808.50           | £ 808.50           | £ 10,436.90         |
| Salary 3 (Handyman)                              | £ 304.50           | £ 304.50           | £ 304.50           | £ 338.29           | £ 338.29           | £ 338.29           | £ 279.13           | £ 279.13           | £ 279.13           | £ 279.13           | £ 279.13           | £ 3,603.11          |
| Salary 4 ( Full-time Employee 2)                 | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 1,622.40         | £ 19,874.40         |
| Salary 5 (Full-Time Employee 3)                  | £ 1,261.84         | £ 1,261.84         | £ 1,261.84         | £ 1,352.00         | £ 1,352.00         | £ 1,352.00         | £ 1,487.20         | £ 1,487.20         | £ 1,487.20         | £ 1,487.20         | £ 1,487.20         | £ 16,764.72         |
| Salary 6 (Full-Time Employee 4)                  | £ 1,104.11         | £ 1,104.11         | £ 1,104.11         | £ 1,183.00         | £ 1,183.00         | £ 1,183.00         | £ 1,301.30         | £ 1,301.30         | £ 1,301.30         | £ 1,301.30         | £ 1,301.30         | £ 14,669.13         |
| Salary 7 (Designer 2)                            | £ 882.00           | £ 882.00           | £ 882.00           | £ 979.97           | £ 979.97           | £ 979.97           | £ 808.50           | £ 808.50           | £ 808.50           | £ 808.50           | £ 808.50           | £ 10,436.90         |
| Salary 8 (Designer 3)                            | £ 840.00           | £ 840.00           | £ 840.00           | £ 933.33           | £ 933.33           | £ 933.33           | £ 770.00           | £ 770.00           | £ 770.00           | £ 770.00           | £ 770.00           | £ 9,939.90          |
| Salary 9 (Handy Man 2)                           | £ 294.00           | £ 294.00           | £ 294.00           | £ 326.62           | £ 326.62           | £ 326.62           | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 3,478.86          |
| Salary 10 (Handy Man 3)                          | £ 294.00           | £ 294.00           | £ 294.00           | £ 326.62           | £ 326.62           | £ 326.62           | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 3,478.86          |
| Salary 11 (Handy Man 4)                          |                    |                    |                    |                    |                    |                    | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 269.50           | £ 3,478.86          |
| National Insurance Contributions (Class 2)       | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 12.13            | £ 145.56            |
| National Insurance Contributions (Class 1)       | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 172.05           | £ 2,064.60          |
| Employers' Liability Insurance                   | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 19.98            | £ 239.76            |
| Income Taxes (PAYE)                              | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 355.14           | £ 4,261.65          |
| Sales Expenses (Administrative, telephone, etc)  | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 30.00            | £ 360.00            |
| <b>Other Expenses</b>                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Van Insurance                                    | £ -                | £ -                | £ 450.00           | £ -                | £ -                | £ -                | £ 480.00           | £ -                | £ -                | £ -                | £ 480.00           | £ 1,410.00          |
| Van registration                                 |                    |                    |                    |                    |                    |                    | £ 225.00           |                    |                    |                    |                    | £ 225.00            |
| Van maintenance                                  | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 217.00           | £ 2,604.00          |
| Fuel   | £ 350.00           | £ 350.00           | £ 350.00           | £ 350.00           | £ 350.00           | £ 350.00           | £ 550.00           | £ 550.00           | £ 550.00           | £ 550.00           | £ 550.00           | £ 5,400.00          |
| Spence rental & Bills (warehouse/office/kitchen) | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 300.00           | £ 3,600.00          |
| Advertising                                      | £ 50.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 20.00            | £ 270.00            |
| Website  | £ 40.98            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 11.99            | £ 172.87            |
| Liability Insurance                              | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 10.41            | £ 124.92            |
| <b>Total Cash Outflow</b>                        | <b>£ 14,511.88</b> | <b>£ 14,452.89</b> | <b>£ 14,982.89</b> | <b>£ 15,846.92</b> | <b>£ 15,846.92</b> | <b>£ 15,846.92</b> | <b>£ 20,982.01</b> | <b>£ 17,497.01</b> | <b>£ 17,598.41</b> | <b>£ 17,598.41</b> | <b>£ 18,078.41</b> | <b>£ 195,781.05</b> |
| <b>Closing Balance</b>                           | <b>£29,812.07</b>  | <b>£ 44,159.17</b> | <b>£58,056.28</b>  | <b>£74,289.37</b>  | <b>£90,362.45</b>  | <b>£106,515.53</b> | <b>£121,713.53</b> | <b>£139,416.52</b> | <b>£157,818.13</b> | <b>£174,619.71</b> | <b>£191,741.30</b> | <b>£209,342.89</b>  |
| <b>Gross Profit</b>                              | <b>£14,288.12</b>  | <b>£ 14,347.11</b> | <b>£ 13,897.11</b> | <b>£ 16,153.08</b> | <b>£ 16,153.08</b> | <b>£ 16,153.08</b> | <b>£ 15,197.99</b> | <b>£ 17,782.99</b> | <b>£ 17,681.59</b> | <b>£ 17,681.59</b> | <b>£ 17,121.59</b> | <b>£ 17,681.59</b>  |
| EBITDA   | £14,476.03         | £ 14,535.02        | £14,085.02         | £16,340.99         | £16,340.99         | £16,340.99         | £15,435.90         | £17,940.90         | £17,839.50         | £17,839.50         | £17,359.50         | £17,839.50          |
| Depreciations                                    | £187.91            | £187.91            | £187.91            | £187.91            | £187.91            | £187.91            | £237.91            | £237.91            | £237.91            | £237.91            | £237.91            | £2,554.92           |
| Taxable Income                                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £193,818.95         |
| Tax Paid   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £38,763.79          |
| Class 4 NI Contributions                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £6,117.93           |
| VAT on Taxable Turnover                          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | £78,720.00          |
| <b>Net Profit</b>                                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | <b>£70,217.23</b>   |

## Appendix 9 Basic Assumptions For the Financial Plan Calculations - Depreciations

| Depretiations    |                       |            |
|------------------|-----------------------|------------|
| <b>Van</b>       | Purchase price        | £ 1,800.00 |
|                  | Salvage value         | £ -        |
|                  | Depreciable value     | £ 1,800.00 |
|                  | Life (years)          | 3          |
|                  | Depreciation (year):  | £ 600.00   |
|                  | Depreciation (month): | £ 50.00    |
| <b>Computers</b> | Purchase price        | £ 300.00   |
|                  | Salvage value         | £ -        |
|                  | Depreciable value     | £ 300.00   |
|                  | Life (years)          | 3          |
|                  | Depreciation (year):  | £ 100.00   |
|                  | Depreciation (month): | £ 8.33     |
|                  | Purchase price        | £ 1,000.00 |
|                  | Salvage value         | £ -        |
|                  | Depreciable value     | £ 1,000.00 |
|                  | Life (years)          | 8          |
|                  | Depreciation (year):  | £ 125.00   |
|                  | Depreciation (month): | £ 10.42    |
| <b>Printer</b>   | Purchase price        | £ 149.99   |
|                  | Salvage value         | £ -        |
|                  | Depreciable value     | £ 149.99   |
|                  | Life (years)          | 5          |
|                  | Depreciation (year):  | £ 30.00    |
|                  | Depreciation (month): | £ 2.50     |

## Appendix 10 Basic Assumptions For the Financial Plan Calculations – Website and Car Costs and Maintenance

| <b>Website</b> | <b>creating website + set up fee</b> | <b>Hosting fee (per year)</b> | <b>Domain fee: .co.uk (per year)</b> | <b>Running costs (per month)</b> |
|----------------|--------------------------------------|-------------------------------|--------------------------------------|----------------------------------|
| <b>Cost</b>    | £300*                                | £24.99                        | £4**                                 | £11.99***                        |

\*average price for website creation services (vary from £250-500£)

\*\*free in the first year

\*\*\*using services from this server <https://www.tsohost.com/website-builder/pricing>

| <b>Car</b>  | <b>Insurance (per year)</b> | <b>Fuel (per year)</b> | <b>Maintenance (per year)*</b> | <b>Tax/registration (per year)</b> |
|-------------|-----------------------------|------------------------|--------------------------------|------------------------------------|
| <b>Cost</b> | £494.84***                  | £1302                  | £1300                          | £225**                             |

\*including cost with mandatory vehicle inspection

\*\*tax value according to info retrieved from <https://www.moneyadviceservice.org.uk/en/tools/car-costs-calculator/yqZSmiy3nqS0dg0A4AUjMg/car/29897>

\*\*\*calculated with Aviva Insurance (comprehensive insurance)

## Appendix 11 National Insurance Contributions - Class 1



## Employee National Insurance rates

This table shows how much employers deduct from employees' pay for the 2015 to 2016 tax year.

| Category letter | £112 to £155 a week (£486 to £672 a month) | £155.01 to £770 a week (£672 to £3,337 a month) | £770.01 to £815 a week (£3,337 to £3,532 a month) | Over £815 a week (£3,532 a month) |
|-----------------|--|---|---|-----------------------------------|
| A               | 0%   | 12%   | 12%   | 2%                                |
| B               | 0%   | 5.85%   | 5.85%   | 2%                                |
| C               | N/A  | N/A   | N/A   | N/A                               |
| D               | 1.4% rebate                                | 10.6%   | 12%   | 2%                                |
| E               | 0%   | 5.85%   | 5.85%   | 2%                                |
| J               | 0%   | 2%  | 2%  | 2%                                |
| L               | 1.4% rebate                                | 2%  | 2%  | 2%                                |

Source: UK Government (2015)

## Appendix 12 – National Insurance Contributions – Classes 2 and 4

| Class   | Rate for tax year 2015 to 2016   |
|---------|--|
| Class 2 | £2.80 a week   |
| Class 4 | 9% on profits between £8,060 and £42,385<br>2% on profits over £42,385 |

Source: UK Government (2015)