

Business Studies Project



A project for Year 11

Written by: The Business Team

Introduction to A level Business Project – Summer 2020

Please note at the top centre of each page there is an indication of the level of difficulty where:

£ = GCSE Standard

££ = Intermediate Standard

£££ = A level Standard

If you want further information or feedback, please contact the Business Team

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Project Title

Starting a Small Business

Guidance for the whole project

- We want you to have fun, be creative and go through some simple processes for starting your own business
- You need to create a scrapbook - be bold! (if you do not have a scrapbook there are many ways to create your own your own (see google).
- You will need to be able to print out images or research from the Internet or be able to draw things yourself
- Use scissors, glues, colours etc.
- Include any tables, charts, diagrams or other images
- Include a bibliography at the end, showing all the sources that you used, including web-sites visited
- Please follow the checklist over the next few pages to help you develop the relevant information
- Please ensure that all pages have the relevant titles

Structure of Project

- Front page – final idea logo
- Ideas page– mood board
- Logo
- Slogan
- Your skills and skills gaps
- Competitors – plot on a map of Woking (google images) Direct and Indirect and explain difference
- Laws Employee/consumer/food safety/licenses
- Costs – Research costs of premises/van/equipment and anything else needed to start up
- Business rates, utilities will be given
- Fixed and Variable costs
- Estimate of sales (different times of year etc).
- 12-month cash flow
- Breakeven
- Profit and loss account
- Marketing – Explain Price, place and product and design promotion (radio/social media page/post etc)
- Bibliography

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Introduction

Choose one of the business ideas below. The whole project will be based on your choice – so choose wisely. Think about your skills and what you enjoy when making the decision.

- Mobile food van
- Café/takeaway outlet
- Coaching service/Personal Trainer
- Party/event organiser
- Window cleaner/odd jobs/mobile hair dresser

If you are feeling brave and you have an idea for a simple start up business then you may also use that idea for this project.

Once you have decided on your business idea you have some other big decisions to make. Work through the checklist and instructions over the next few pages to create your 'Business Plan Scrapbook'.

Front Page

This is going to be one of the last things you actually do, so we will come back to this later.

Ideas Pages (double page)

This is where you get creative – create a 'mood board' of your ideas for your chosen business. You can draw, design, colour and get images online and cut and stick them in. We are looking for your thoughts and ideas about your chosen business idea

Further Guidance: If you chose a mobile food van you may design different looking food vans (or cut and stick), you may have different ideas for colours of the van, or the types of food that you would serve, an image you want to create, a location in mind or a route to follow.

Logo Design

- Draw 3 logo designs that represent your business idea. Use a mixture of pictures, colour and words if you want to
- Annotate the designs to explain your thinking.
- Ask people in your household and friends via social media which logo they prefer and why
- Pick your final logo and justify your choice

Slogan

- Go through the process of choosing a slogan. Think of words that represent your business and your image
- Then create a few short snappy slogans
- Annotate with your thoughts
- Chose final slogan and justify choice

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Skills and Skills Gaps

When starting a business, it is important to know what skills you have that will help you run the business and what skills you need to develop in order to be successful.

- Create a table on a page of your scrap book 2 columns and many rows
- Do some research and investigate the skills required to run your chosen business
- Then identify the skills you are good at and skills you will need to develop
- Annotate around the table on both sides – explain how the skills you have will help you run the business and how developing the other skills will help you be successful

Skills I am good at	Skills I need to develop

Competitors

This is where you will need to be able to access a street map of the Woking area. This should fill a whole page in your scrapbook

- Download and print a map of the Woking area (hand draw if needed)
- Research your competition in the local area and plot where they are on the map (clearly labelled)
- You must include direct and indirect competition

Further guidance: Direct competition is other business offering the same product/service as your business. Indirect competition is other products and services that people could chose over yours.

Legislation and Regulations (double page)

When setting up a business, it is important to make sure that you are aware of the laws and regulations that you must follow for your business. All businesses have to follow the law, however, depending on the type of business you chose there may be additional regulations that you have to follow.

Research the following Legislations and Regulations and explain how this will affect your business

- Employee Legislation (contracts, min wage, working hours, holidays, maternity/paternity, equal pay etc.)
- Consumer Protection (Supply of Goods, Consumer Credit, Trades Descriptions etc.)
- Health and Safety
- Fire Safety
- Trading Standards
- Licenses

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Costs

As you are aware, there are many costs that a business will need to pay. Some of the costs are 'one off' start-up costs, however, many of them are ongoing costs that will be paid in regular instalments throughout the year.

Part 1 – Start-up costs

You will need to do some research and include pictures of the information that you find (print, cut and stick)

Research the following:

- Premises/van depending on your choice of business – pictures of actual that are available to hire with costs
- Equipment that you will need
- Any additional costs (e.g. licenses/site fees etc.)

Part 2 On-going costs

Identify what costs you will have to pay every month or every couple of months (Staff, Business rates, utilities, advertising, stock etc)

- Decide how much you will need to spend on each

Part 3 – Fixed or Variable Costs

- Create a table 2 columns
- Name the Columns Fixed Costs and Variable costs
- Now add all your on-going costs to the correct column (research may be required to understand the difference between fixed and variable)
- Calculate the Total Fixed Costs and the Total Variable Cost (per month)

Funding

Now you know how much it will cost you to set up, you need to think about how much you are going to invest into the business and how you are going to fund it.

- Decide on the amount that needs investing
- Research options to get that amount (loans, parents, Princes Trust or other means)
- Decide on the best option for you

Sales Estimate

Now you need to consider the type of business you have chosen. On this page you will need to find research that backs up your sales forecast (how much to think you will sell each month).

- Cut and stick articles or research or competitors sales charts.
- Discuss any seasonality that affects your sales
- Make a decision as to how many/how much you will sell each month
- Decide on a selling price (if a product) or an average selling price (if a service)
- Multiply your selling price/average price by number of sales in each of 12 months (start with Jan)

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Cash Flow Forecast for 12 Months (double page)

Now that you have estimated your sales for the year and decided on your costs you need to put all this information together to create a cash flow forecast. I have included a template of a cash flow forecast for you to use in Appendix A. We have given you the costs for 2 things (Business rates and Utilities), however, you have to input all the rest yourself.

- Create an Excel document (or copy and paste the template into Word if you don't have Excel)
- If you are confident with Excel you should use the formulas to help complete this task
- Complete the Cash flow with your costs and sales (Remember your start-up costs will only occur in the first month (Jan)) to be able to calculate your closing balance for each of the 12 months
- Your funding should go in January in the other income box
- To calculate closing balance: Opening Balance + Total income – total expenditure = closing balance
- Opening Balance is the closing balance of the month before except Jan where it is £0.

Put this table in the middle of 2 pages of your scrapbook and annotate all the different aspects including what is happening to each month's closing balance and why.

Challenge – can you have a positive closing balance within a year?

Break Even

Now that you have calculated your fixed cost, variable costs, amount being sold each month and selling price you are able to calculate the level of sales that you will need to make in order to break-even.

The formula to calculate Break-even is:

$$\text{BEP} = \frac{\text{Fixed Costs}}{\text{Contribution per unit}}$$

(Contribution per unit (CPU) is Selling Price – Variable cost per unit)

- Calculate the variable cost per unit (variable cost for the month/amount sold per month)
- Use the figures that you calculated in the previous task (Costs task 3)
- Calculate Contribution per unit
- Now you are ready to calculate your Break0even point – remember that the answer is the number of items that need to be sold, not the value. E.g. if it's a Café how many customers would need serving.

Challenge – now use the table in Appendix B, copy it into Excel

- Complete the table (with appropriate figures for your BEP)
- Create a graph showing your BEP (label chart, axis and BEP) (See Appendix C for an example of a BEP graph)

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Profit and Loss

Now it is time to calculate the Profit or Loss that your business will make after the 1st year of trading.

You should use your Cash Flow Forecast to help.

- Calculate the total sales for the year
- Calculate the total costs of stock
- Calculate all your expenses for the year
- For opening Stock use January
- For closing stock use December
- Use template in Appendix D to calculate you Profit or Loss you will make in first year
- An example has been given in appendix E

Marketing

You will need to put together a marketing mix following your decisions and research. The marketing mix consists of Product, Price, Place, Promotion.

Using the template in Appendix F put together your marketing mix. You will need to:

- **Price** - Decide on your price, using research from competitors' prices and explain why you have chosen that particular pricing strategy.
- **Place** - Decide on your location for your business, if you are doing a mobile business suggest the area you will cover. Be specific, i.e. street name or shopping centre
- **Product** – include a description of your product/service what you are offering and why it is different from your competitors offering.
- **Promotion** – explain how you will promote your service. You may want to use a range of media. Local radio, newspapers etc.
 - Produce a 30 second radio advert for your business. This can be a transcript of what would happen in the advert or a story board.
 - Produce a social media advert that you might use on Instagram

Strategic leadership

What are the likely short term and long term impacts on business leaders in Surrey of the Corona virus.

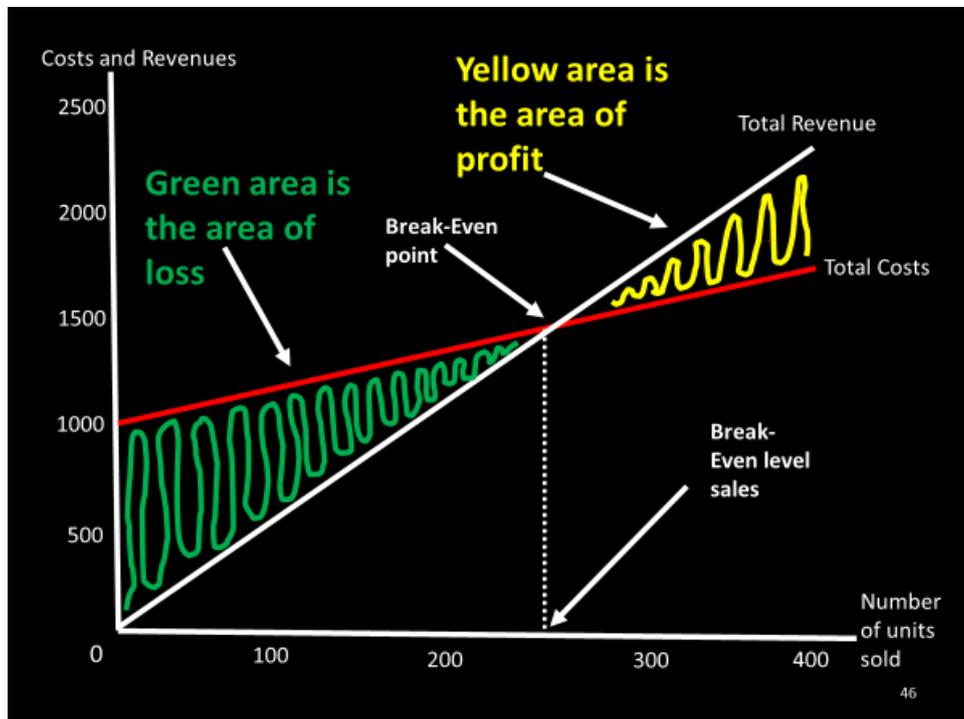
Bibliography

All resources that you have accessed should be listed in this section. If they are from the internet you need to detail the webpage URL, the title of the page and the date you accessed it.

Appendix B

Output	Fixed Costs	Variable Costs	Total Costs	Sales Revenue	Profit/Loss
0		0			

Appendix C



Appendix D

Profit and Loss Account for Business

For year ending 31st Dec 2020

	£	£
SALES		
Less: Cost of Sales:		
Opening Stock		
Plus Purchases		
Minus Closing Stock		
GROSS PROFIT		
Expenses:		
Utilities		
Council tax		
Advertising		
Insurance		
Rent		
Staff costs		
Interest on loans		
Total expenses		
NET PROFIT		

Please change it to Dec 2021 for your P&L Account

Appendix E

An example of a complete P&L account

Profit and Loss Account for Business		
For year ending 31st Dec 2020		
	£	£
SALES		75500
Less: Cost of Sales:		
Opening Stock	0	
Plus Purchases	23000	
Minus Closing Stock	2000	
		21000
GROSS PROFIT		54500
Expenses:		
Utilities	4900	
Council tax	1200	
Advertising	300	
Insurance	1860	
Rent	3600	
Staff costs	36000	
Interest on loans	1200	
Total expenses		49060
NET PROFIT		5440

Appendix F

Product	Price
Promotion	Place