



**ENTREPRENEURSHIP
SBMA7111**

**ENTREPRENEURSHIP
ASSESSMENT 2**

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EXECUTIVE SUMMARY

This is the report of a nail bar business named 'Celebrity Nail Studio'. The report comprises the INTRODUCTION of our nail bar business that what, why and how we are going to cover the growing trend of nail art. Moreover BACKGROUND AND KEY TRENDS OF THE NAIL INDUSTRY will be part of this report. After knowing the trends and background of nail industry the gaps in the industry will be identified with the help of SWOT ANALYSIS and it will help to shape our business model. Following with the INITIAL BENEFIT STATEMENT (IBS) of business; its insight to sell the services and product more effectively will be mentioned. THE TIMMON'S MODEL OF ENTREPRENEURIAL PROCESS will be applied to our nail business. The most important segment of SCALABILITY will be mentioned after the business model. CONCLUSION AND RECOMMENDATION will wind up the report.

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INTRODUCTION

One of the art women love to engage themselves in is the art of looking good, they don't like to look shabby, this is the reason why cosmetic and beauty industry is on the boom nowadays. Women generally do not mind to go to any length to feel and most importantly to look good. Dresses, makeup and hair industry have reached their saturation point and now it's time for nail industry to make the women look best. Women prefer to keep their nails attractive, and they are more conscious to have a good manicure and pedicure and have the best of nail shades to look good. This is the reason that enables most of the nail bars to stay in the market globally (Philby, 2013).

An aim to generate lots of money is the encouragement behind starting a nail bar business in the dynamic city of London, an innovative idea of saving people's time and providing them with best services with the facility of premiere services of celebrity collection can multiply the money overnight. By starting a well-structured business with the support of expert and educated employees; good returns of investment and recognition can be achieved in short period of time. To kick start a nail bar business it needs lots of investments because nail care as a cosmetics business not just about art but hygiene and health aspects are also to be taken care of. Moving on to the background and trends of nail bars in London an overview of this nail art trend will be revealed.

BACKGROUND AND KEY TRENDS OF THE NAIL INDUSTRY

In the time of recession in 2011 people started taking interest in nail art and nail polish become the affordable consumer indulgence of choice. Online retailers competition continue to take away tradition market of Britain according to a report in 2013 town centres lost 5% of their outlets and it was expected that by 2018 they may lose 5,000 more stores(Philby, 2013). Since 2011 nail bars started to grow and started displaying outrageously decorated studios in the towns and rose 10.4% in 2013. After that nail industry take away the traditional British market to new era of nail fashion. For the very first time in the history United Kingdom's beauty market comes up with all the way new statistics, the sales of nail polish exceeded lipstick sales with 244 million pounds whereas lipstick reaches 242 million pounds in 2013. Author of three nail art books and UK's nail industry trade magazine Scratch editors, Helena Biggs says that 'Consumer interest in nails has heightened in previous years owing to a number of factors: the prominence of nails in the fashion industry, nail art products available in high street fashion stores, and dedicated nail pages in women's glossy magazines' (Roy, 2016).

She added that people are more likely to do experiment with their nails at workplace and daily routine to look different and feel good, and it is socially acceptable at all the places. The harsh reality of working long hours pushes women to take a break and does something that makes them feel good, manicures and nail care provide them the opportunity to take them out of their busy lives. According to Biggs it is quite affordable for people to have manicure or

pedicure rather than buying a new outfit, as beauty treatments are no more for riches only. Women go to nail saloon twice a month in UK and spend average of 450 pounds per year on their nails, 86% women do not attend their job interviews without manicure in United Kingdom (Styles, 2013). The celebrities creating lots of awareness for nail care and manicures among women in recent years, it is now one of essential part of grooming nowadays. Our celebrity style collection consists of Kate Middleton Elegant collection, Rihanna Intrepid collection, Rita Ora Jazzy collection and Victoria Beckham, Kylie Jenner, Katy Perry, Lady Gaga collection. Moreover to know the inner and outer environment of the nail care business we will do the SWOT analysis.

SWOT ANALYSIS

Swot analysis is basically the framework to analyse the strength and weaknesses of the business which is basically the internal factors of the business while threats and opportunities are external factors which influence the performance of organization (Ghazinoory et al, 2011). Below is the SWOT analysis of Nail bar business.

STRENGTH	WEAKNESS
• One of the fastest growing trend • Make women look stylish • Nail bars also offers training to beauty therapist • Most of the nail bars offer speedy service • Plenty of techniques to make the colour lasts • Targets women from various socioeconomic background • Wide range for price conscious customers (MBAskool, 2018)	• Nail bars only do manicure or pedicure business hence they are covering small sector of cosmetics business • The prices may vary according to the location • Nail bar business grow rapidly and might fall too early and some other trend may takes place • Less celebrity endorsement in manicure and nail art, whereas many celebrities love to take these services but officially it is not seen yet (MBAskool, 2018)
OPPORTUNITY	THREAT
• Working women are becoming more fashion conscious as their nails compliment their overall look on work place while, writing, typing and interacting with people. So a big segment of market is covered with this business. • It have given opportunity to women to improve their lifestyles as most of the women are earning money and prefer to spend it on cosmetics to	• One of the major threats to nail bar business is that it grows with the trend but once trend changes many bars can run out of business too quickly. • There is fierce competition in nail bar business as there are many salons who do not give only manicure and pedicure but also have spa and other services along • Increasing pressure of licence at

groom themselves. • There are lots of nail bars on every corner of the Britain so it's more convenient for women to avail the service any time they want • It is also offers employment opportunity for the women who want to pursue nail fashion as profession (MBAskool, 2018).	various locations can affect nail bar business widely. • Increasing number of slavery workers in nail bars from Vietnam might threat new entries to face more legal requirements before starting the business (MBAskool, 2018).
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IBS - INITIAL BENEFIT STATEMENT

It is the process to make quick sales in the market, it consist of a list of benefits that we give to customers by our product or services. Initial Benefit Statement for our nail bar business is:

‘The Led (Andrea, 2013) technology and our gel effect nail polish collection can cut your manicure services time in half and make the nail colour and shine long lasting, plus you can select your favourite celebrity style from our premier collection in bar or online’.

The LED technology takes only 30 second to cure the nail which is the quickest time to cure the nail so far. And the gel effect nail polish gives a strength that makes the colour firm and shiny and last long. This gel effect last for 2 weeks and sometimes more, and customer want to take them off they have to visit the salons to get off the gel effect polish with varnish, and the celebrity collection is one of the innovative idea that has not been adopted yet in Britain. Moreover Timmons model of entrepreneurship will be applied to this business.

TIMMONS MODEL OF ENTREPRENEURSHIP

Opportunity, Resources and teams plays a major role in entrepreneurial process according to Timmos, but opportunity is the heart of process, followed by team and resources among these forces. It is essential for a successful entrepreneur to keep balance in these critical factors to make the things work. Opportunity is attractive, durable and timely idea of a product or service that creates or adds customer value. Resources in the business ventures are difficult to be funded by others, that is why it is really important to put balance emphasis on each factor. Team has to be an entrepreneurial team; this leadership has to exhibit integrity, honesty and dependability, believe in learning and teaching, deal with adversity and builds a healthy culture in organization (Timmons, 1990).

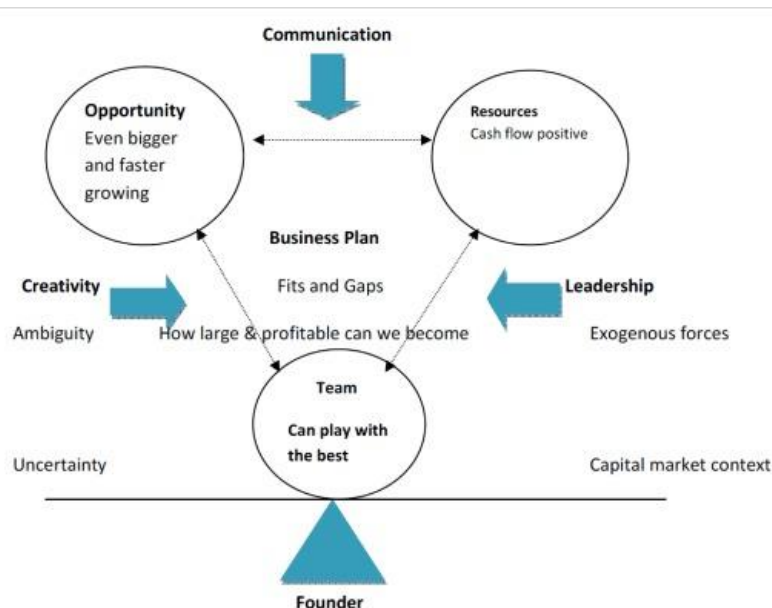


Figure 1. Timmons Entrepreneurial Model

By applying the Timmons entrepreneur model on our business plan we see the on going trend of nail art is one of the biggest opportunity to jump into nail care business, by adding the creative idea of attracting new customer with the idea of celebrity style collection. Undoubtedly we have to deal with the ambiguity with the creative idea of celebrity style collection. We will be fitting into new market and fill the gap of celebrity endorsement in nail bar business to make the business more profitable.

We are totally dependent on OPM Other people's money to start our new business; we will invest the profit of our money to grow our business and to make the business more scalable. We target to open new branch by the end of 1st quarter. Whatever the revenue is generated will be added into growing the business and expand the business geographically. To make the investor sure about returning his money we will make a rough estimation that in how much time we will be giving the investor's money back with profit.

We will be doing the business by making a strong professional and educated team where everyone will be respected and given freedom to work and do the things which aesthetically satisfy our team and as well as our customers. We will be opening our business with 6 people in the store including manicurists and receptionist. All the employees will support each other's work and will be given directions by CEO in the time of need but in productive manner. Team will play the best to make the business grow. Moreover the scalability will be discussed in the next section of this report.

SCALABILITY OF THE BUSINESS

Scalability in this entrepreneurial business proposal has been taken as performance measure for the execution of business idea that refer to its ability to count expanding business like number of branches, number of customers, operative profit and so on (UKessay, 2013). Following is the calculation of financial measurement for nail bar business.

	M1	M2	M3	q2	q3	q4	q1	q2	q3	q4	q1	q2	q3	q4
					2 shops		3 shops		4 shops		5 shops		6 shops	
Sales (customer visit)	300	600	900	1500	3000	3200	6,000	8,000	12,000	15,000	20,000	25,000	30,000	60,000
Sales £ 30	9000	18000	27000	45000	90000	96000	180000	240000	360000	450000	600000	750000	900000	1800000
Per Customer visit														
Consultant Pay £6	1800	3600	5400	9000	18000	19200	36000	48000	72000	90000	120000	150000	180000	360000
Materials £4	1200	2400	3600	6000	12000	12800	24000	32000	48000	60000	80000	100000	120000	240000
Contribution to Fixed Costs £	8400	16800	25200	42000	84000	89600	168000	224000	336000	420000	560000	700000	840000	1680000
Rent and employees salary £	5500				11000		16500		22000		27500		33000	
Décor £	600				1200		1800		2400		3000		3600	
Equipment £	2500				5000		7500		10000		12500		15000	
Telephone £	1000				2000		3000		4000		5000		6000	
Computer £	400				800		1200		1600		2000		2400	
Total £	10000				20000		30000		40000		50000		60000	
Operating profit	-1600				64000		138000		296000		510000		780000	

Figure 2. Three years Scalability of Celebrity Nail Studio

As shown in financial measurement of nail bar the business with the least initial investment of £10,000 cannot give us profit in the very beginning of business. But with the growing sales of customers till first quarter ends up by giving 900 sales, but in the 3rd quarter of first year of the business we will be able to have another branch of our nail bar with the operating profit of £64000. The initial profit given by the investor will be multiplied by 6 by the end of 3rd quarter. When the business will start second year it will grow up to 3 branches of bar with 6,000 sales in first quarter. The scalability of the business reveals that by the end of 3rd year of nail bar business we can make up to £7.8 million. In the 3rd quarter of 3rd year by growing our sales to 30,000 in 6 nail bars we expand geographically and make up to £7.8 million which is a huge outcome from a trendy business. The nail bar business can gives us hot cash these days. With opening of every new branch of our nail bar we will add new celebrity collection to grow our sales. Thus the proposed business scalability shows that it will be profitable business and return the investment right after 3rd quarter of first years, our preference is to keep the money liquid. Furthermore conclusion and recommendation are given in the end of the report.

CONCLUSION AND RECOMMENDATIONS

Fastest growing nail care trend gives us an edge to invest in nail bar business to make a lot of money and to have many branches with our expert and educated team to give our customers the best services in town. The statistics in the first section of the report shows the popularity

of nail care, nail art trend and significance of nails fashion among women. In the flash of busy lifestyle a good manicure or pedicure can give women a break from their daily tasks. The analysis of the business is done by having a swot analysis and by applying Timmons entrepreneurship model. The Initial Benefit statement reveals the uniqueness of our business and scalability reveals that how much money we can make by expanding the business geographically.

There are few recommendations for this business which are following:

- Celebrity endorsement can give a good recognition to business
- Adapting change in trends can also make the business more profitable
- Business can move from product to service to expand
- If the trend of nail art goes out company can go into other beauty services by using its good will in the market

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