

Business Plan

Project Housing

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Executive Summary

This business plan introduces the business idea “Project Housing” as a profitable venture. The justification is based on an overview of the market and offering analysis, on the internal strategy of the company and its financial operations. Overall, the plan seeks to emphasise on the need for the organisation to be established as to address current problems experienced by the business sector and society at large.

Business Overview

The business discussed within this plan is a construction, décor and design provider based within the West Midlands: Project Housing. The location decision has been a result of a cost-benefit analysis in relation to the advantages of effective access to other regions within the United Kingdom. The supporting functions, such as Marketing and Sales, Finance and Human Resources, are based within an industrial area in Birmingham, while the core operations related to constructions are carried out across the nation by labourers, project managers and engineers.

At market entry, the mission of the company is to ensure the maximum use of land and present building facilities in the UK. This is a need identified due to a critical rise in social problems across the country (i.e., poverty and homelessness) (Bramley and Fitzpatrick, 2018). On the other hand, the vision of Project Housing is to provide a service to the Government, to charities and local authorities towards the repurposing of abandoned areas across the territory. In addition, an offering is similarly developed to address the improvement of living conditions in existing shelters.

Considering the above, the company will employ a focus strategy in order to enter the market. This is because a limited segment is targeted (Sharp, 1991). Regardless, as the business expands, a greater focus on diversification will be considered as to facilitate growth in other industrial segments.

Products and Services

In accordance with the industry as well as the mission and vision of Project Housing, the company seeks to provide a portfolio of three main services:

1. Construction
2. Engineering
3. Architecture

The three offerings have been selected as to ensure the company is able to provide its audience with an all-encompassing service in a cost-effective manner rather than outsourcing different aspects from different providers. The cost-effective benefit is resulted from the elimination of the need to invest funds into researching and securing contracts with other external outsourcers. Moreover, the pricing strategy of Project Housing is one based on market average initially as to drive interest for the brand. What is more, this pricing strategy is effective considering the client portfolio the company aims to target (i.e., charities, local authorities and the UK Government) (Young, 2019).

Market Audit

Project Housing is seeking to compete within the construction segment based on the advantages it holds in comparison to other market players. While bigger companies in terms of resources are more likely to benefit from a greater portfolio of products and services, smaller organisations are highly focused on core operations as to limit liabilities and maximise profitability (Comerio et. Al., 2015).

Within this area of the focus plan, three key analytical tools are employed to conduct a market audit: Porter's Five Forces, a SWOT and a PESTLE Analysis.

Porter's Five Forces

This analytical tool is utilised as per Grundy (2006) below:

- Rivalry among current market players – according to Akintoye, McIntosh and Fitzgeralds (2000), exit barriers within the construction industry are relatively high. This is because of the considerable initial investment to enter the market and high maintenance costs in relation to talent as well as equipment.
- Threat of market entry – the costs related to entering the construction sector are, as stated prior, high. In addition, differentiation of service is low. Considering the mission of Project Housing and its unique offering, a gap is identified for the business to address.
- Threat of substitutes – the threat of substitution is not relevant to the sector and offering at hand. Nevertheless, the service may become obsolete as the business is sustainably achieving its vision of maximising use of land, abandoned buildings and providing optimal living conditions for those in shelter facilities. To this extent, Project Housing will focus on diversifying into other, more commercial, sectors upon expansion.
- Bargaining power of suppliers – according to Jiang, Henneberg and Naude (2012), the number of suppliers for construction materials and equipment within the UK exceeds that of constructions organisations. Regardless, a greater sense of power for suppliers is provided by the fact that specialised equipment is often solely provided by a limited number of sellers.
- Bargaining power of buyers – Project Housing seeks to adopt a tailored, focused strategy as to enter the market in order to offset the high buyer power currently in the construction sector. According to Bildsten (2014), the UK presents a high bargaining power for buyers because of the low cost of switching provider and the availability of other solutions.

SWOT Analysis

The following strengths, weaknesses, opportunities and threats have been identified for Project Housing:

1. Strengths – a unique selling proposition is adopted by the company. This refers to its offering as a socially conscious business that seeks to resolve current problems experienced by the UK community. This alongside the contemporary organisational structure that enables a high degree of innovation and creativity without a need for extensive managerial involvement enables the business to achieve a favourable market positioning (Saunila, Makimattila and Saminen, 2014). Furthermore, the market average pricing strategy the company employs as to maximise sales during the initial stages past market entry is aligned with the current needs of the audience. A final strength is represented by the expertise of the internal staff in terms of managing an entrepreneurial venture.
2. Weaknesses – first of all, Project Housing is an unknown brand that enters the market independently of external support. Secondly, the business partners are confident in terms of displaying their business skills and abilities related to managing a successful organisation – however, a significant lack of knowledge is identified in terms of the construction industry, its challenges and needs. This can critically hinder the progress of the business if not

effectively addressed. In other words, apart from the Site Manager, the BPs have limited exposure to what is required to ensure the construction business is successful.

3. Opportunities – while, as a new market player, the business does not benefit from brand recognition or client loyalty, it is presented with an opportunity in terms of learning from the errors of previous and current competitors. For example, Project Housing may select its suppliers based on the quality of service of other businesses in the sector. This provides the organisation with a vital competitive advantage. Furthermore, an opportunity for diversification and targeting other consumer segments is identified upon expansion.
4. Threats – as per Paunescu (2013), every new market entrant may experience difficulties during the initial and stabilising stages of the organisation. As the organisation's pricing strategy requires a cost-effective approach to operations, this can have a negative impact upon its ability to deliver on its pricing promise. Current competitors in terms of market share are similarly considered a threat.

PESTLE Analysis

Gilkinson and Dangerfield (2013) have identified the following macro-environmental factors that may influence new entrants within the construction sector that target non-profit organisations in the UK:

1. Political factors – the proposed business, Project Housing, is aimed at solving specific problems experienced by society and the UK Government. Thus, government policy can affect the market entry strategy as a degree of focus on addressing these problems is required. Furthermore, the UK Government is a key client for the organisation and therefore the political agendas of different political parties can influence performance in both a negative and positive manner. Overall, funding related to homelessness and poverty may be increased or decreased.
2. Economic factors – the bottom line of the business is directly impacted on the tax requirements from the construction segment. The national GDP and labour are additional factors that can determine the attractiveness of the industry. Project Housing is dependent on both qualified and unqualified staff.
3. Social factors – based on the mission of the business, social factors provide a positive perspective on the potential for profitability of the company. Primarily, the entrepreneurial venture offers employment opportunities to both qualified and unqualified talent which in itself contributes to the minimisation of homelessness and poverty. Secondly, the overall aim of Project Housing is to ensure societal development and improvement. This secures a degree of community support and hence, a potential for a positive brand image.
4. Technological factors – technology can be viewed as a cost-effective solution for the company as well as an added cost. On one hand, advancements may result in increased efficiencies and productivity as relevant equipment is utilised. On the other hand, the construction sector implies a need for high

investment in technology and equipment in order to enable it to achieve its operational goals.

5. Legal factors – two aspects are considered from a legal perspective. The UK legal system can have implications at the level of the organisational structure due to a need for administration and bureaucracy. As an outsourcing business, policies and laws that affect the outsourcing sector can either drive demand or hinder it.
6. Environmental factors – the construction sector is one of the main drivers for waste and pollution in the UK (Ajayi et. Al, 2016). By ensuring internal awareness of its impact on the environment and by contributing to its improvement via CSR policies, Project Housing can benefit from greater demand and a positive brand image.

Target Market

The business has selected three main audience segments to target upon market entry:

- UK Government Body
- Local Authorities
- Charities focused on supporting the homeless and the impoverished

These audiences have been selected due to their involvement in the issue the business seeks to address and therefore their vested interest in supporting Project Housing.

Profitability Analysis

These customer segments have been selected due to their involvement with the problem Project Housing seeks to address and the degree of investment into ensuring this. This provides a basis as to why the business is profitable. To illustrate, according to Lower et. Al. (2020), homelessness has been rising year on year in the UK with a peak of 219,000 in 2019. In 2020, the UK Government has pledged £310 million to address homelessness and is currently considering tenders in relation to identifying and implementing solutions to this complex and impactful problem. Finally, a growing financial support is provided to charities to facilitate optimal living conditions in existing shelters (Cross et. Al., 2021). This in itself is directly linked to the potential for profitability of Project Housing.

Marketing Plan

Cost-Leadership Strategy

Considering the target audience the business seeks to tailor its approach to, a cost leadership strategy is adopted. Nevertheless, the organisation similarly considers a differentiation approach in terms of providing a service to specifically addressing societal problems currently experienced by the UK. To emphasise this, every offering related to construction, engineering or architecture is designed and delivered to maximise the wellbeing of beneficiaries and to ensure the client benefits from a cost-effective solution (Hill, 1988).

Targeting

Targeting the audience is facilitated two-fold: via direct marketing and tenders. Existing projects are, as expected, addressed through tenders and direct marketing, including face-

to-face marketing, telephone and email marketing, is employed for local communities that do not benefit from ongoing development projects.

Management Team

A Matrix organisational structure is implemented within Project Housing. This is to minimise the managerial layer, to maximise innovation, the flow of communication and therefore information as well as to enable the employees a degree of creativity freedom (Saunilla, Makimattila and Salminen, 2014). Consequently, the five Business Partners are key decision makers, followed by Head of Departments and Site Managers that act in an advisory capacity. For a visual illustration, please see Appendix 1.

The five Business Partners are Dragos, Ciprian, Alin, Iulia, Paula and Zahor. Nevertheless, each BP is allocated a set of additional responsibilities as such:

1. Dragos is acting CEO due to his experience as an entrepreneur
2. Ciprian is a Site Manager due to his experience within the construction sector
3. Zahor is CFO due to his experience working in Accounting and Finance
4. Iulia is Head of HR due to her experience as a HR Advisor
5. Paula is Head of Marketing due to her experience in Sales and Marketing
6. Alin is COO due to his managerial experience

Financial Plan

The start-up cost based on a UK average is £50,000. The Business Partners are seeking to cover 50% of the investment. The total income in its best performing month, Project Housing is forecasted to acquire a £27,700 income. The highest expense month is registered at £21,070. Consequently, a gross profit of or around £6,630 is expected (Economics, 2015).

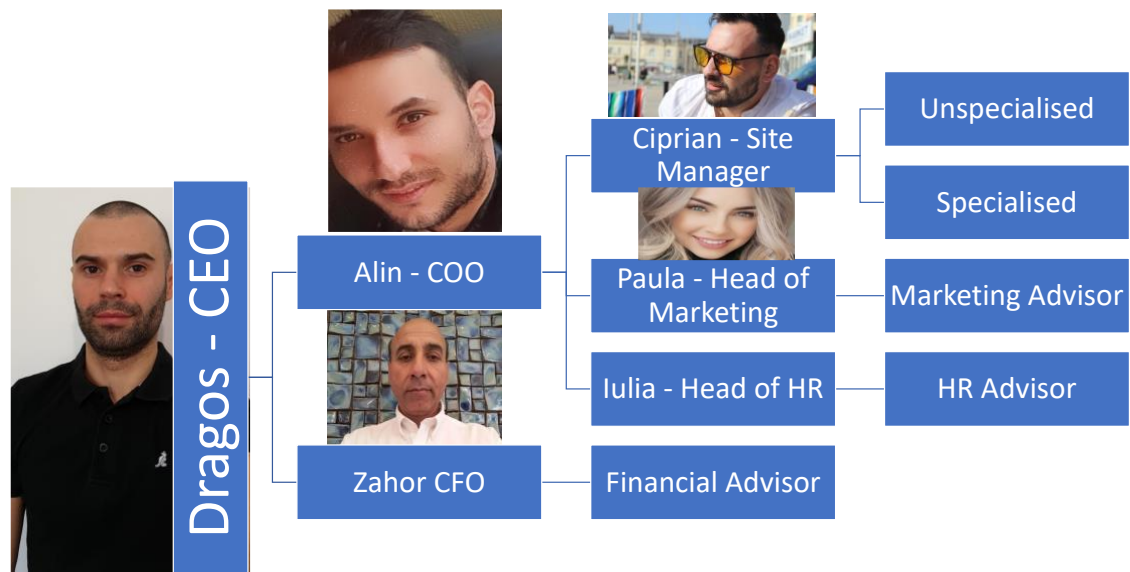
A yearly forecast can be found under Appendix 2.

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Appendices

Appendix 1 – Organisational Structure



Appendix 2 – Yearly Financial Forecast

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Cash in												
Gov grant	150 000	0	0	0	0	0	0	0	0	0	0	0
Initial investment	500 00	0	0	0	0	0	0	0	0	0	0	0
Sales	158 00	230 00	158 00	158 00	230 00	250 00	250 00	270 00	250 00	270 00	250 00	270 00
Cash out												
Admin	200 0	200 0	500 0	200 0	200 0	200 0	200 0	200 0	200 0	200 0	500 0	200 0
Personnel	748 0	507 2	472 2	748 0	750 0	700 0	540 0	700 0	572 2	600	700	0
Marketing Costs	300 0	100 0	250 0	100 0	300 0	200 0	500	100 0	350 0	100 0	150 0	0
Equipment	959 0	191 0	191 0	191 0	959 0	191 0	0	0	191 0	0	959 0	0
Profit	227 870	243 888	245 556	248 966	249 876	261 966	279 066	296 066	307 934	325 934	327 844	352 844