

LCLM4006 Juan M

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Submission date: 29-Mar-2026 09:47PM (UTC+0100)

Submission ID: 278741978

File name: 64092_Juan_Francisco_Martinez_Posada_LCLM4006__Juan_M_731375_1298368980.docx (1.7M)

Word count: 1831

Character count: 10435



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Submission Date: 30/03/2026

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Executive Summary

LCBC Ltd is a start-up residential cleaning company offering reliable, high-quality services to meet growing demand from busy households. Its services include regular cleaning, deep cleaning, and move-in/move-out and end-of-tenancy cleaning.

The business will begin locally with a small team of five (one owner, two drivers, and two cleaners), enabling multiple jobs per day. It requires around £45,000 in start-up funding to cover wages, transport, equipment, marketing, and other operating costs.

Revenue is expected to grow steadily as the customer base expands. While profits may be lower initially, the company aims to achieve sustainable profitability within the first year and build a strong reputation for quality, reliability, and customer satisfaction.

Business Concept and Legal Format

Legal Format

1 Legal Format: Private Limited Company (Ltd)

LCBC Ltd has been incorporated as a **Private Limited Company** under the Companies Act 2006. This structure was strategically selected to provide a robust framework for a service-based startup with growth ambitions.

2 Strategic Justification (The "Why")

The selection of the "Limited" status is based on three primary pillars of business strategy:

- Risk Mitigation and Asset Protection:** As a cleaning service, the business interacts directly with high-value private property and employs a mobile workforce. The "Limited" status creates a **"corporate veil,"** ensuring that the personal assets of the owner are legally insulated from the company's liabilities. In the event of litigation or financial insolvency, the owner's risk is strictly capped at the value of their share capital.
- Market Positioning and Trust:** In the residential cleaning sector, "Ltd" functions as a quality signal. It suggests a higher level of transparency and compliance (due to public filing requirements), which is essential for gaining the trust of private households who are granting staff access to their homes.
- Fiscal Efficiency and Scalability:** The structure allows for a more sophisticated tax strategy, utilizing a combination of PAYE salary and dividends to optimize the owner's tax position. Furthermore, it provides a clean mechanism for future expansion; Should LCBC Ltd require further capital, the company can issue new shares to investors—a process far more complex for a Sole Trader.

3 Critical Analysis: Advantages vs. Disadvantages

The following table provides a balanced evaluation of the chosen format for assessment purposes:

Category	Advantages (The Strategic Benefits)	Disadvantages (The Operational Burdens)
Financial	Limited Liability: Protection of personal wealth from business debts/lawsuits.	Setup & Compliance Costs: Higher accountancy fees and the cost of annual filings with Companies House.
Taxation	Efficiency: Access to Corporation Tax rates and flexible dividend distribution.	Double Taxation Risk: If not managed correctly, profit can be taxed at both the corporate and personal level.

Category	Advantages (The Strategic Benefits)	Disadvantages (The Operational Burdens)
Reputation	Credibility: Enhanced "brand weight" when competing for high-end contracts or move-out cleans.	Loss of Privacy: Financial accounts and director details are available for public inspection (transparency).
Longevity	Perpetual Succession: The business exists as its own entity; it can be sold or transferred easily.	Administrative Rigour: Legal requirement to maintain "Confirmation Statem

Business Description

LCBC Ltd is a premium residential cleaning startup based in London Mayfair Area. The company is positioned as a high-quality, reliable alternative to the "gig economy" cleaning apps and independent solo cleaners. By employing a dedicated, uniform team and utilizing professional-grade equipment, LCBC Ltd aims to capture the growing "time-poor" demographic of dual-income households and the lucrative "end-of-tenancy" market.

Product Description

LCBC Ltd provides a tiered suite of residential cleaning solutions designed to meet the diverse needs of modern households. Our service model transitions from routine maintenance to high-intensity restorative cleaning.

Business Objectives (SMART Objectives)

Short-Term Objectives (less than a year)

- **Gain 40 regular customers within 6 months**
Clear and measurable, supported by having enough staff to serve more clients and build a stable customer base.
- **Achieve £10,000 monthly revenue within 12 months**
Ensures income covers higher costs like wages and transport.
- **Reach break-even within 9–12 months**
The business aims to cover all costs within the first year, showing financial sustainability.

- **Build 1,000 online followers within 6 months**
Increases brand awareness through social media marketing.

Long-Term Objectives (More than a year)

- **Become a trusted local cleaning brand within 3–5 years**
Measured through customer reviews, repeat business, and referrals.
- **Increase annual revenue to £150,000+ within 3–5 years**
Achieved through business growth and more customers.
- **Expand by hiring more staff within 2–4 years**
Supports increased demand and service capacity.
- **Introduce specialised services within 2–3 years**
Includes eco-friendly or deep cleaning to attract more customers and increase income.

Market Analysis and Marketing Plan

Market Analysis (Competitors, Customers, Target Groups)

Create around my area a competitor analyst and see what need to be done only 2,
Use it in chart table,

- Market segmentation
- Targeting
- Positioning
- Research and audience

PESTEL Analysis

Political:

- Government regulations and policies
- Minimum wage legislation
- Small business support schemes / grants

Economic:

- Customer disposable income
- Cost of cleaning supplies and fuel
- Employment/unemployment levels

Social:

- Dual-income households
- Busy lifestyles
- Increased awareness of hygiene and cleanliness

Technological:

- Social media platforms (e.g. Instagram, Facebook)
- Online booking systems
- Modern cleaning equipment

Environmental:

- Eco-friendly cleaning products
- Recycling and waste management systems
- Water and energy efficiency practices

Legal:

- Employment laws (wages, working conditions)
- Health and safety regulations
- Insurance and data protection requirements

SWOT Analysis

Strengths include growing demand for cleaning services and relatively low start-up costs.

Weaknesses include limited brand recognition during the early stages of the business.

Opportunities include expanding into new service areas and introducing additional services.

Threats include strong competition from local cleaning companies and independent cleaners.



Marketing Mix (4Ps)

Product: LCBC Ltd will offer professional residential cleaning services including routine cleaning, deep cleaning, and end-of-tenancy cleaning.

Price: The company will adopt competitive pricing while maintaining high service quality.

Place: Services will be delivered directly at customers' homes within the local service area.

Promotion: Promotion strategies will include social media marketing, local advertising, and customer referrals.

Management Team

Cleaning services will be delivered directly at customers' homes using professional cleaning equipment and supplies. Staff will travel to the client's location to perform cleaning services.

Technology such as social media platforms will be used for marketing and communication with customers. Initially two cleaning staff members will be employed with additional staff hired as the business expands.

Management Team and Their Background

Management Team and Their Background – LCBC Ltd

Organisational Structure

The business will operate with a simple and efficient structure to ensure smooth daily operations and clear communication between staff members.

Organisational Chart:

Owner
↓
Manager / Driver
↓
Cleaners (2 Employees)

Management Team Overview

Owner (Business Owner)

Owner (LCBC Ltd)

Responsible for overall management and decision-making. Has strong organisational, communication, and customer service skills. Motivated to build a profitable business and achieve financial independence.

Key duties: finance management, marketing, customer communication, quality control, and business growth planning.

Manager / Driver

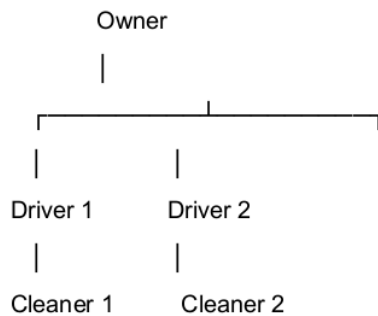
Oversees daily operations and ensures efficient service delivery. Requires leadership, time management, and driving skills.

Key duties: transporting staff/equipment, supervising cleaners, managing schedules, ensuring quality, and handling on-site customer contact.

Cleaning Staff (2 Employees)

Deliver cleaning services. Should be reliable, detail-oriented, and efficient (training provided if needed).

Key duties: cleaning tasks, following safety procedures, using equipment properly, maintaining standards, and providing good customer service.

Organisational Chart**Financial Plan (One Year)****Sources of Finance**

To successfully start and operate in its first year, LCBC Ltd will require approximately £45,000 in initial funding. This covers staffing, transport, equipment, and early operating costs.

Sources of finance:

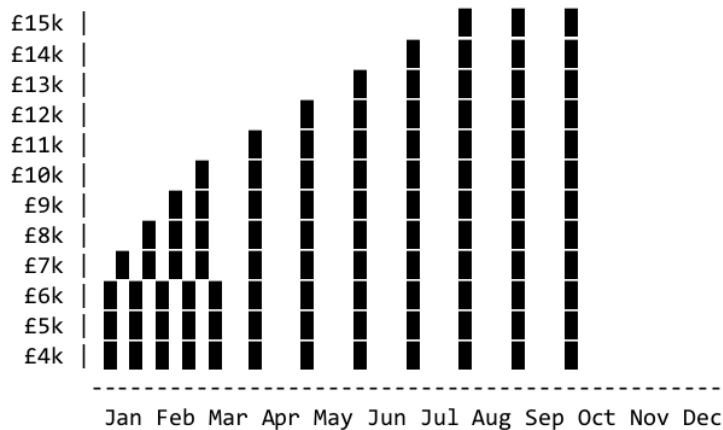
- Personal Savings (£20,000)**
 The owner will invest personal savings, showing strong commitment and reducing the need for borrowing. This is low risk as it requires no repayment or interest.
- Bank Loan (£15,000)**
 A loan will fund major start-up costs such as vehicles and equipment. It will be repaid with interest, increasing risk but allowing the business to operate at a competitive scale.
- Family / Friends Investment (£5,000)**
 Funding from family or friends offers flexible repayment terms and helps support early cash flow.
- Government Grant / Small Business Support (£5,000)**
 The business may apply for UK grants or support schemes. These do not require repayment and help reduce financial pressure.

Cash Flow Forecast

	Jan	Feb	Mar	Apr	May	Jun
Fixed	£7800	£7800	£7800	£7800	£7800	£7800
Variable cost	£1,000	£1,800	£2200	£2,600	£3,000	£3,400
Total cost	£8,800	£9,600	£10,000	£10,400	£10,800	£11,200
Revenue	£4,000	£6,000	£8,000	£10,000	£11,000	£12,500
Profit/loss	-£4,800	-£3,600	-£2,000	-£400	£200	£1,300
Investment capital needed = £45000						
Investment needed = Total Startup Cost + (Operational Cost - Revenue up to the break-even point)						

Sales Forecast





Cost of Production Forecast

The cost of production forecast outlines the expected expenses required to operate **LCBC Ltd** on a monthly basis. These costs are divided into fixed costs and variable costs.

Fixed costs are expenses that remain constant regardless of the number of jobs completed. For this business, fixed costs include staff wages for two drivers and two cleaners, insurance, and marketing expenses. These costs must be paid regularly, even if the business has fewer customers in the early stages.

Variable costs, on the other hand, change depending on the level of business activity. These include cleaning supplies and fuel for transportation. As the number of cleaning jobs increases, these costs will also rise because more materials and travel are required.

Understanding these costs is essential for managing the business effectively, setting appropriate prices, and ensuring that **LCBC Ltd** can operate profitably in the long term.

Break Even Analysis

The break-even analysis identifies the point at which **LCBC Ltd** covers all of its costs and begins to make a profit. This occurs when total revenue equals total costs.

Based on the financial estimates, the business must complete approximately **124 cleaning jobs per month** to reach the break-even point. This figure is calculated by dividing the total fixed costs by the difference between the selling price per job and the variable cost per job.

If the business completes fewer than 124 jobs per month, it will operate at a loss. However, once this level is exceeded, the business will begin to generate profit. This shows that achieving a consistent number of customers is essential for financial success.

The break-even analysis is important because it provides a clear target for the business and helps ensure that **LCBC Ltd** remains financially sustainable as it grows.

Reference List

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Office for National Statistics (2023). UK Service Industry Statistics.
Statista (2023). Cleaning Industry Market Data.

