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ENTREPRENEURSHIP

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REPORT

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Introduction

Entrepreneurship has a significant economic and social impact, stimulating direct growth by creating new jobs and technologies and contributing to GDP growth and revenue. It also fosters empowerment by enabling people to create their businesses, contributing to community development and social cohesion.

Entrepreneurial efforts can lead to significant societal benefits, including improving living standards, increasing productivity, and fostering innovation and competitiveness. Successful entrepreneurs share key traits and skills, such as innovation, risk tolerance, vision, flexibility, and leadership (Barringer, 2019).

Despite the allure of being the boss and the potential for financial rewards, entrepreneurship comes with substantial challenges, such as financial loss, uncertainty, burnout, and an emotional rollercoaster. Accessing capital can be a significant hurdle, especially for novices without business experience or collateral. Market entry may also be barred by stiff competition and established players with significant market share and customer loyalty (Indeed, 2023). In conclusion, entrepreneurship is a dynamic field that challenges individuals to innovate, lead, and overcome adversity. However, it also offers opportunities for personal growth and professional achievement. Encouraging and supporting entrepreneurial activities can lead to substantial societal advancements, including job creation, innovation, and improved living standards through increased productivity and competition.

Market Opportunity

The bakery industry in the United Kingdom totals approximately £5 billion representing a significant part of the food industry in the country (FOB, 2023). After researching the area of interest, I discovered that Worcester Park High Street did not have a single bakery available within a radius of 1 mile, with bread and bakery products being mostly available through large chain supermarkets located in the area.

Worcester Park is a residential area populated with young to mid-age professionals and families with young children (City Population, 2021). The High Street is a vital artery connecting east and west Surrey regions and drawing high traffic of non-locals through the area. There are three primary schools and a mainline train station spread between the two ends of the High Street bringing significant foot traffic several times a day.

Business idea for bakery start-up:

Business type – sourdough bakery

Business name – Sourdough Heaven

Location – Midst of Central Road, Worcester Park

Product line – classic white, whole-wheat, spelt and no-knead sourdough loaves, rolls and baguettes

Target market – Local residents – families and professionals, health enthusiasts, non-local traffic can take advantage of plentiful on-street and nearby car parking facilities

Unique Selling Proposition - Sourdough Heaven sets itself apart by focusing on quality and community through offering freshly baked artisanal goods and engaging with local residents.

Key differentiators include:

- Locally Sourced: Ingredients sourced from British farms and suppliers to ensure freshness and support the local economy.
- Health-conscious Options: Offering a range of gluten-free, sugar-free, and vegan options to cater to all dietary needs (Statista, 2023).
- Artisanal Touch: Each product is handcrafted with care, offering a homemade taste that differentiates from mass-produced bakery items.
- Community Focus: Hosting monthly events such as baking classes and tasting events to engage with the community and create a loyal customer base.

Business Model

Revenue is primarily expected to come from direct sales in the bakery. A future goal includes setting up an online order system, enhancing convenience for customers and expanding market reach. Further, aim for collaboration with local small retailers to further expand product distribution.

Operations and Management Team

The bakery will be led by the owner, a Business Management graduate with a passion for all things dough and creative insight into innovation in breadmaking. The team will also include an operations manager, an experienced baker, and a sales assistant.

- Duty manager responsibilities include overseeing bakery staff, inventory management, dealing with customer complaints, keeping financial records and maintaining sales targets (Hiring People, 2024); The position requires a person with previous experience in bakery management with excellent customer service skills, a degree in culinary arts or management/ Hospitality management;
- Experienced baker – a person with at least 2 years experience in artisanal bread making, preferably with a degree in food preparation. Good knowledge of baking techniques and best

practices, able to safely operate industrial baking equipment and creative outlook for developing new recipes and bread designs (National Creer Service, 2024);

- Sales assistant – a proactive person with attention to detail with good knowledge of features and qualities of offered goods. Their role would be to assist customers with sales and advice, maintain front of house in good order and track inventory (Indeed, 2023);

Market Positioning

Sourdough Heaven will position itself as a premium yet accessible venue in Worcester Park. Marketing strategies will focus on quality, freshness, and community involvement. Social media campaigns, partnerships with local businesses, and participation in community events will help build brand awareness and customer loyalty.

Industry analysis

The VRIO framework is a strategic analysis tool that evaluates a company's resources and capabilities to determine its potential for securing a competitive advantage. It stands for Value, Rarity, Imitability, and Organization. In the UK bakery industry, the VRIO analysis reveals that bakeries can achieve a sustained competitive advantage through high-quality and unique product offerings, strong brand reputation, difficult-to-imitate recipes and skills, and effective organisational practices (Barney, Hesterly, 2019). Value is achieved through product quality and variety, customer service, brand reputation, and unique recipes and product offerings. Rarity is achieved through unique products, skills, or strategically advantageous locations that are not easily replicated by competitors. Imitability is achieved through brand identity and customer loyalty, innovative baking techniques, and exclusive contracts with suppliers or secret recipes. Organisation is crucial for leveraging these resources fully. Effective supply chain management, marketing and brand management, and employee training and management are essential for maintaining product quality and availability. Organisational capabilities that support these resources are critical in leveraging them fully (Johnson et al, 2017). This analysis can help bakery owners identify their strengths and areas for improvement, guiding strategic decisions that align with creating and maintaining competitive advantages.

RESOURCE	VALUE	RARITY	IMITABILITY	ORGANISATION
Product quality and variety	YES	NO	YES	YES
Customer service	YES	NO	YES	YES

Brand reputation	YES	YES	NO	YES
Location	YES	YES	YES	YES
Artisanal skills and craftsmanship	YES	YES	YES	YES
Innovative baking techniques	YES	YES	YES	YES
Supply chain	YES	NO	NO	NO
Marketing and brand management	YES	YES	YES	YES
Employee training and management	YES	NO	YES	YES

Table 1. VRIO framework Sourdough Heaven

Competitor analysis frameworks

Competitor analysis frameworks are indispensable for any business that aims to maintain or improve its competitive edge. By offering deep insights into the market, customer preferences, and competitor strategies, these frameworks help businesses make informed decisions that enhance strategic planning, operational effectiveness, and overall market performance. For a new venture like a bakery, they provide a roadmap for navigating the competitive landscape and carving out a unique position in the market (Margetta, J., 2012). Analysing the bakery industry using Porter's Five Forces framework provides a comprehensive understanding of the competitive dynamics and market forces. This framework, developed by Michael E. Porter, helps businesses assess the attractiveness and profitability of an industry (Sousa, Gaspar, 2019).

The bakery business has a number of challenges, including low to moderate entry barriers, limited supplier negotiating power, and the possibility of replacement products. New entrants may encounter regulatory impediments, brand loyalty, and low switching costs. Suppliers have little bargaining strength due to commoditized ingredients and cheap switching costs. Buyers have significant bargaining power due to transparent pricing and a wide range of products. Price-sensitive clients push bakeries to compete on pricing, potentially lowering profits. Specialisation and customisation might weaken buyer power. Substitute products offer a significant risk due to the availability of alternatives and health

trends. The market is saturated with several competitors, resulting in reduced profit margins. Bakeries frequently battle fiercely on product differentiation, quality, location, service, and brand perception. Low exit barriers can lead to persistent rivalry. Sourdough Heaven faces direct competition by nearby chain supermarkets – Waitrose, Iceland and Sainsbury's. Within a wider radius further competes with North Cheam Arena offering regional baked goods and Lidl with its in-store baked range of sourdough breads.

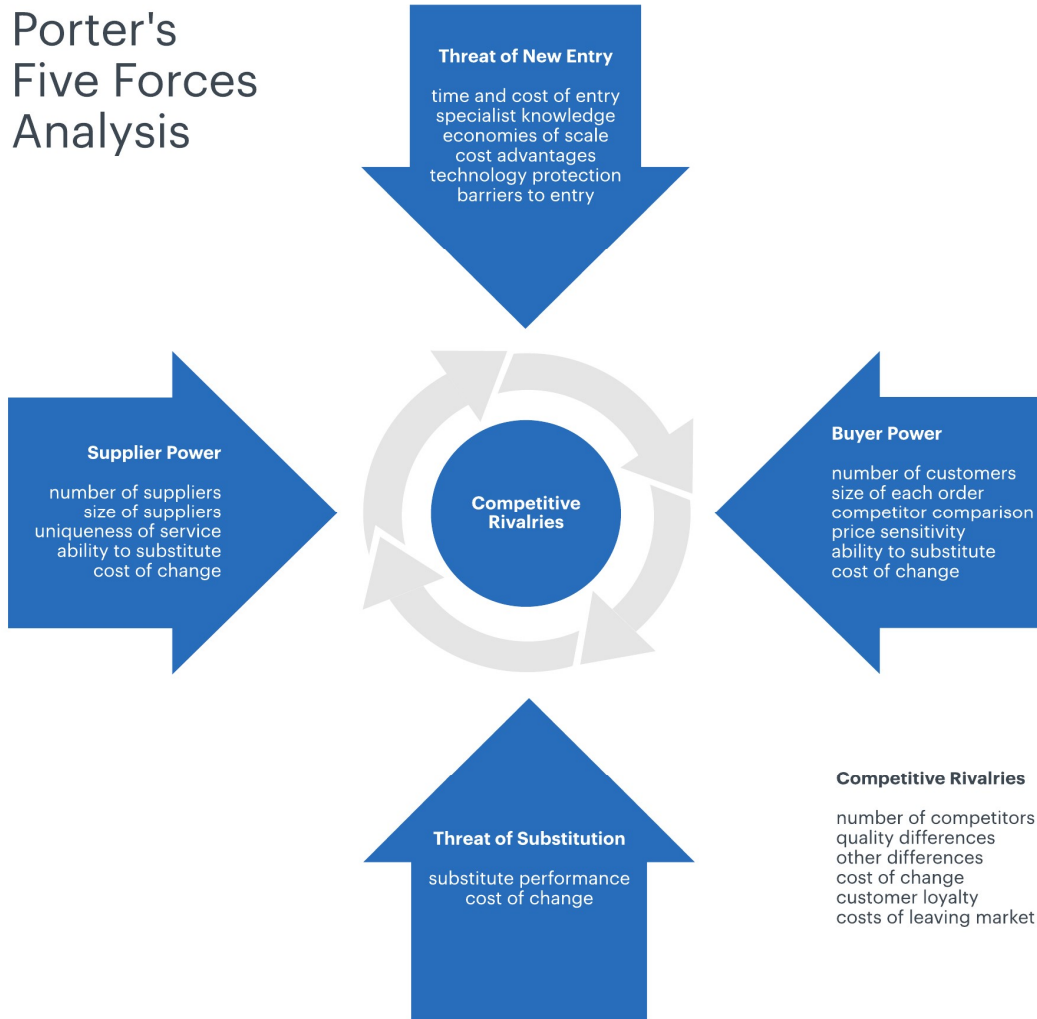


Fig. 2. Porter's Five Forces model (MarketLinks, 2023)

Marketing plan and strategy

The marketing plan for Sourdough Heaven is structured around the "Four P's" of marketing: Product, Price, Promotion, and Place, ensuring a comprehensive approach to market engagement and sales (Hooley et al., 2020).

1. **Product Strategy:** The bakery offers a diverse array of high-quality, artisan breads made from locally sourced ingredients. Special emphasis is placed on unique recipes and customisation options which set the bakery apart from competitors.

2. **Price Strategy:** Prices are set competitively to reflect the premium quality of the products while remaining accessible. The bakery employs a tiered pricing model and offers discounts and a loyalty program to encourage repeat business and attract new customers.
3. **Promotion Strategy:** A mix of digital and traditional marketing tactics is used to maximize reach and engagement. This includes social media campaigns, email marketing, participation in local events, and targeted online and local advertising (Lee, 2018). Promotional discounts and a grand opening event are planned to boost initial traffic and sales.
4. **Place (Distribution) Strategy:** The bakery operates from a strategically chosen retail location with high foot traffic and also offers an online ordering platform. Additionally, it pursues wholesale distribution partnerships with local businesses to expand its market presence.

By leveraging these strategies, the bakery aims to establish itself as a top-tier provider of artisan breads in its local market, prioritizing quality, customer engagement, and strategic distribution to ensure success (Kotler et al., 2020).

Financial Plan

Creating a detailed financial plan is crucial for any new business. The financial plan provides a clear view of the start-up costs, ongoing expenses, revenue projections, and profitability outlook (Morris, 2011).

1. Start-up costs – anticipated cost for setting up the business.

PARTICULARS	AMOUNT
LEASE (paid quarterly)	£3000
RENOVATION AND DECORATION	£4000
EQUIPMENT	£7000
LICENCING AND PERMITS	£1000
MARKETING	£2000
INITIAL INVENTORY	£3500
OTHER	£20000
TOTAL	£40500

Table 2. Start-up cost

There are several ways to fund a start-up. Ranging from Friends and family; crowdfunding; venture capital; bank loans; start-up loans; angel investors etc. (GrantTree, 2022). Eligibility would depend on factors such as background, project type, existing/ not yet existing business. Considering the nature of the Sourdough Heaven project funding through Friends and family and Angel investors. Angel investors

bring the additional benefit of knowledge and business connections which could aid the prosperity of the start-up.

2. Revenue projection

PARTICULARS	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	6TH MONTH
ANTICIPATED REVENUE	£12000	£13000	£15000	£16000	£18000	£18000
FIXED COST (rent, insurance, marketing, business rates, administrative)	(£2500)	(£2500)	(£2500)	(£2500)	(£2500)	(£2500)
VARIABLE COST (materials, wages, utilities)	(£9000)	(£9500)	(£10200)	(£10500)	(£11000)	(£11000)
PROFIT	£500	£1000	£2300	£3000	£4500	£4500

Table 3. Revenue projection (Drury, 2021)

Closing summary

In summary, this comprehensive business plan for Sourdough Heaven bakery outlines the necessary steps and strategies to launch and sustain a successful enterprise. It shows in detail the bakery's offerings, from high-quality artisan bread to speciality items catering to diverse dietary needs. We've examined the competitive landscape using industry analysis tools and identified unique selling points that differentiate our bakery in a competitive market.

The marketing plan centres on leveraging the Four P's—Product, Price, Promotion, and Place—to attract and retain customers effectively. Suggested strategies include a mix of traditional and digital marketing tactics to build brand awareness, encourage customer loyalty, and drive sales (Kotler et al., 2020). Through strategic product offerings, competitive pricing, engaging promotions, and an optimal retail location complemented by an online presence (Hooley, 2020), this business plan positions the bread bakery to thrive in its target market by delivering value to customers and stakeholders alike.

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