



**CERTHE Business Skills for the Workplace**

**Enterprise and Entrepreneurship (LCLM 4006)**

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**Assignment 1: Business Plan**

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## BUSINESS OVERVIEW

Business name SY Enterprises

Our business model focuses on acquiring distressed properties through auction, strategically refurbishing them to modern standards, and converting them into profitable rental assets. The dual-revenue approach involves either leasing properties directly to private tenants or entering long-term lease agreements with government housing authorities to address the critical housing shortage.

By targeting auctioned properties, we capitalize on below-market acquisition costs, allowing substantial profit margins after refurbishment. Each property undergoes comprehensive renovation to meet safety standards and enhance livability, creating quality housing stock that commands competitive rental rates.

The government partnership stream offers stable, guaranteed income through multi-year contracts while contributing to social housing solutions. This positions the company as both a profitable enterprise and a socially responsible business addressing community needs.

This model generates consistent monthly cash flow through rental income while simultaneously building a valuable property portfolio. As the portfolio expands, the company gains equity appreciation, increased borrowing capacity, and economies of scale in refurbishment operations. The diversified income streams—private rentals and government contracts—provide financial stability and risk mitigation, creating a sustainable path for long-term growth and wealth accumulation.

## **LEGAL FORMAT AND MANAGEMENT STRUCTURE**

### **Legal Format**

SY Enterprises will operate as a private limited company (Ltd), which is defined as "a business structure that offers limited liability to its shareholders while restricting share transferability" (Armour, 2000). This legal format has been chosen because it provides crucial liability protection, separating personal assets from business obligations—particularly important given the substantial financial commitments involved in property acquisition and refurbishment (Davies & Worthington, 2016). The limited company structure also enhances credibility with lenders, government

bodies, and contractors, while offering tax efficiency and easier access to capital for portfolio expansion.

## **Management Structure**

The company will adopt a hierarchical management structure with the following key positions:

- **Managing Director:** Oversees overall strategy, government contracts, and stakeholder relations
- **Operations Manager:** Manages refurbishment projects, contractor relationships, and property maintenance
- **Finance Manager:** Handles accounting, financial planning, and investor relations
- **Property Manager:** Responsible for tenant management, rent collection, and property compliance

This structure ensures clear accountability while maintaining operational efficiency as the portfolio scales.

## **PESTEL ANALYSIS**

**Political:** Government housing policies create opportunities through social housing initiatives and long-term lease agreements with local authorities. However, political instability, changing regulations, and local authority budget constraints pose risks. Planning permission policies and Brexit-related labor shortages may affect refurbishment timelines and costs.

**Economic:** Interest rate fluctuations impact mortgage affordability and profitability. Economic downturns increase distressed property availability at lower auction prices but may reduce tenant payment capacity. Inflation affects refurbishment costs, while access to finance determines portfolio expansion capability.

**Social:** The UK's severe housing shortage drives strong rental demand, particularly for affordable accommodation. Demographic shifts toward long-term renting expand the target market. Rising expectations for quality housing require high-standard refurbishments, while changing family structures create diverse housing needs.

**Technological:** Property management software streamlines operations and tenant relations. Online auction platforms improve property sourcing, while smart home technologies and energy-efficient systems enhance property competitiveness. Digital marketing and data analytics optimize investment decisions and portfolio performance.

**Environmental:** Stricter energy efficiency regulations (EPC ratings) and net-zero carbon targets require substantial property upgrades. Climate change increases flooding risks and insurance costs. Sustainable refurbishment practices are increasingly expected by tenants and regulators.

**Legal:** Evolving landlord legislation mandates enhanced safety standards and tenant protections. The Homes Act 2018 sets minimum property standards. Tax regulations, including stamp duty and capital gains tax, significantly impact profitability, while government contract law governs housing authority agreements.

## MARKETING STRATEGY

SY Enterprises will employ an integrated digital marketing strategy targeting private tenants and government housing authorities. Chaffey and Ellis-Chadwick (2019) emphasize that digital marketing enables precise targeting essential for competitive property markets.

### Digital Platforms

**Website and Property Portals:** A mobile-responsive website serves as the central hub, featuring virtual tours, 360-degree photography, and online applications, as 73% of consumers research online before decisions (Kingsnorth, 2019). Integration

with Rightmove, Zoopla, and OnTheMarket maximizes visibility, with Ryan (2016) noting aggregator platforms significantly increase property sector reach. A dedicated B2G section highlights portfolio quality and compliance for housing officers.

**Social Media:** Facebook and Instagram campaigns employ geo-targeted advertising within 5-20 miles of properties, targeting ages 25-45 (Tuten & Solomon, 2017). Content includes weekly property showcases, transformation posts demonstrating refurbishment value, and local area guides. Instagram Reels generate 1200% higher engagement than static images (Smith, 2020). LinkedIn facilitates B2G networking through thought leadership articles and direct engagement with housing officers (Holliman & Rowley, 2014).

**Search Engine Marketing:** Google Ads targets high-intent keywords like "houses for rent [location]" and "affordable housing near me," capitalizing on 93% of online experiences beginning with search engines (Chaffey & Ellis-Chadwick, 2019). Local SEO optimization includes Google My Business profiles and location-specific landing pages.

### **Government Acquisition**

Direct tender responses through procurement portals (Contracts Finder) and attendance at housing conferences to build relationships with local authorities. Strategic partnerships with housing charities enhance credibility (Christopher et al., 2013).

### **Location Strategy**

Property acquisition employs geodemographic segmentation (Kotler et al., 2017), analyzing transport connectivity, employment hubs, schools, and council waiting lists. Data-driven decisions target areas with strong rental demand, optimizing occupancy rates above 95%, and ensuring properties meet both private and social housing needs.

## **SWOT Analysis**

### **Strengths:**

- Low-cost acquisitions and high refurbishment margins.
- Dual income streams ensure stability.
- Guaranteed government leases create reliable cash flow.
- Socially responsible models enhance reputation.

### **Weaknesses:**

- High upfront capital and delayed cash flow.
- Construction and management complexity.
- Sensitive to property market shifts.

### **Opportunities:**

- Rising government demand for affordable housing.
- Green Renovation Grants and Incentives.
- Scalability and REIT potential.
- Increased distressed asset supply during downturns.

### **Threats:**

- Interest rate rises and cost inflation.
- Regulatory or policy changes.
- Competition from large developers.

## **Porter's Five Forces Analysis**

### **1. Threat of New Entrants – Moderate**

Entering the property market requires substantial capital, legal expertise, and refurbishment experience. While auctions are open to all, scaling sustainably is difficult, offering moderate entry barriers.

## **2. Bargaining Power of Suppliers – Moderate to High**

Suppliers such as contractors, builders, and materials providers can influence costs. Price fluctuations in labour and materials may reduce profit margins, especially during periods of high demand.

## **3. Bargaining Power of Buyers – Low to Moderate**

Private tenants have limited power due to housing shortages. Government agencies negotiate standard contracts but offer stable, long-term agreements, reducing dependency on individual buyers.

## **4. Threat of Substitutes – Low**

Refurbished, affordable homes with modern standards face little substitution threat, as alternatives like new buildings are more expensive and less available.

## **5. Industry Rivalry – High**

Competition among developers, buy-to-let investors, and institutional funds is strong. Success depends on identifying undervalued properties, efficient refurbishments, and building partnerships with government housing programs.

# Financial plan

## **Funding Requirement**

The business requires an initial investment of **£500,000** to successfully launch operations. This funding will be allocated towards the **acquisition and refurbishment** of distressed auction properties, along with covering operational setup costs prior to generating rental income.

## **Funding Sources**

The required capital will be raised through a mix of:

- **Bank Loans:** Secured property development loans to finance acquisitions.

- **Private Investors & Business Angels:** Targeting investors interested in high-yield property ventures and socially responsible housing projects.
- **Government Support & Grants:** Potential access to **green refurbishment incentives** and **affordable housing programs** promoting sustainability and community housing.
- **Equity Partnerships:** Strategic investor partnerships to reduce debt burden and bring additional expertise in property and asset management.

### Startup Expenses (First Month)

| Expense Category                            | Estimated Cost (£) |
|---------------------------------------------|--------------------|
| Property acquisition deposits & legal fees  | 200,000            |
| Refurbishment and contractor payments       | 220,000            |
| Licensing, safety certification & insurance | 20,000             |
| Marketing, branding & digital setup         | 15,000             |
| Administrative and operational costs        | 10,000             |
| Contingency reserve                         | 35,000             |
| <b>Total Estimated Startup Cost</b>         | <b>£500,000</b>    |

This financial foundation ensures the business can acquire, refurbish, and rent its first properties within the initial three months, establishing early cash flow and long-term growth potential.

### CASH FLOW WORKSHEET

| Cash in                                        | Month 1 (£)        |
|------------------------------------------------|--------------------|
| Loan - startup capital                         | 500000             |
| Sales (total sales of product and/or services) | 0                  |
| Other                                          | 0                  |
| <b>Total cash in-flows (A)</b>                 | <b>500000</b>      |
|                                                |                    |
| <b>Cash out-expenses</b>                       | <b>Month 1 (£)</b> |
| Rent or premises costs                         | 700                |

|                                             |               |
|---------------------------------------------|---------------|
| Business rates for your business premises   | 0             |
| Utilities (gas, electricity, water)         | 200           |
| Insurance                                   | 2000          |
| Telephone and internet                      | 150           |
| Marketing and advertising expenses          | 15000         |
| Vehicle running costs                       | 1000          |
| Equipment purchases or leasing              | 50000         |
| Postage, printing, stationery               | 500           |
| Transport and delivery                      | 1000          |
| Professional fees (legal, accounting, etc.) | 10000         |
| Cost of sales (Cost of product)             | 220000        |
| Wages your own                              | 0             |
| Staff wages                                 | 10000         |
| Any other                                   | 0             |
| Contingency reserve                         | 35000         |
| <b>Total cash out-flows (B)</b>             | <b>345000</b> |
|                                             |               |
| <b>Your net cash flow (A-B)</b>             |               |
| 155000                                      |               |

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