

LCBB5001 Assessment 1

Entrepreneurship

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Introduction

Entrepreneurship offers an exciting opportunity for individuals to create new businesses and address societal needs. As an aspiring entrepreneur in the UK, I have chosen to develop an idea for a company that is unique in the UK and is growing fast. This essay will evaluate the feasibility of this idea and justify my decision to create a business plan for a new company in the brewing industry. This craft beer company was founded recently and is elaborating on a project and has locations across the UK and internationally. The report will include a PEST analysis and Skill Audit to assess the company's potential for success. Finally, a Personal Development Plan will outline objectives for the next 6 and 12 months to help me acquire the necessary skills and knowledge to build a successful small business in the brewing industry. The main idea is to see the company at a reputable place in the industry, positioned to be the top movers of finances in the market and gradually expanding into international markets.

Part 1: Crafting A Feasible Business Idea

As an aspiring entrepreneur in the UK, I have chosen to develop an idea for a craft beer company. The inspiration for this idea stems from a combination of personal interest in craft beer, the growth of the UK craft beer market, and the opportunity to create a unique and innovative brand. The UK craft beer industry has been experiencing significant growth in recent years, with a 22% increase in sales in 2020 alone. This growth trend is expected to continue, providing a favorable environment for new entrants into the market (Blokdyk, 2018). Additionally, the craft beer market is characterized by high innovation, creativity, and experimentation, which aligns with my values and interests.

A PEST analysis was conducted to investigate this idea's potential further. The analysis revealed that the UK's political and economic environments are relatively stable, with no effective regulations or restrictions on the brewing industry. The social environment is characterized by a growing trend toward health and wellness, which may challenge the consumption of alcoholic beverages (Robinson, 2018). However, the craft beer market has successfully addressed this challenge by offering low-alcohol and non-alcoholic options. Finally, the technological environment presents opportunities for innovation in brewing techniques and distribution channels.

PEST Analysis

A PEST analysis is valuable for assessing the external factors affecting a business. The analysis considers political, economic, social, and technological factors (Erikson, 2018).

- **Political:**

No significant political barriers will affect the industry in the UK. However, the government may introduce regulations affecting the industry, such as regulating dietary supplements. The political environment in the UK has undergone significant changes in recent years, with the most notable being Brexit. The UK's departure from the European Union has brought uncertainties and challenges for businesses, including the brewing industry. Brexit has led to changes in trade agreements, tariffs, and regulations, which may affect the cost and availability of raw materials and exports (Cohen, 2017). Despite these challenges, the UK government has demonstrated its commitment to supporting businesses and encouraging entrepreneurship. Furthermore, there are no significant political barriers that will affect the brewing industry in the UK. However, the

government may introduce regulations affecting the industry, such as regulating dietary supplements.

- **Economic**

The UK economy is stable, which benefits businesses in the particular industry. People are willing to spend money on products and services promoting well-being (Gormsen, 2021). The ongoing Brexit negotiations could significantly impact the brewing industry in the UK. There is a possibility that Brexit may result in new tariffs and restrictions on exports and imports, which could increase the cost of raw materials and impact the profitability of the brewing industry. Moreover, the uncertainty around Brexit may lead to fluctuations in currency exchange rates, which could affect the cost of production and sales. However, the craft beer market has been resilient to economic changes, and there is optimism that it will continue to thrive despite any Brexit-related challenges

- **Social**

There is an increasing demand for products and services that promote physical and mental pleasures and good times. This presents an opportunity for businesses in this industry to thrive. There has also been a growing awareness of the importance of health and wellness in society. More people are prioritizing their physical and mental health, leading to an increase in demand for products and services that cater to these needs. This social trend is expected to continue, providing a favorable market for businesses in the health and wellness industry (Correia et al., 2019). Furthermore, social media and influencer marketing have played a significant role in promoting the industry, making it more accessible and appealing to a broader audience.

- **Technological**

Technology is an essential aspect of the brewing industry, and businesses need to be up-to-date with the latest developments to remain competitive. For instance, wearable technology is becoming increasingly popular, and companies must incorporate it into their products and services. The use of data analytics is crucial in the brewing industry (Kleinman, 2023). With the help of advanced analytics tools, companies can gather data on consumer preferences, purchasing habits, and market trends. This information can then be used to make data-driven decisions on product development, marketing strategies, and overall business operations. Therefore, businesses in the brewing industry need to invest in technology to remain competitive and gain a competitive advantage in the market.

Based on the PEST analysis and personal interest, I have decided to progress further in developing a business plan for the craft beer company idea. The UK craft beer market is growing, and there is a strong demand for unique and innovative brands. Furthermore, my interest in craft beer and the opportunity to contribute to the industry's creativity and experimentation make this idea particularly compelling. By developing a business plan, I can further evaluate this idea's feasibility and potential success and identify any potential challenges or risks.

Start-Up Financing

Investment Capital

Source of Funding	Amount (£)
Owner's Savings	20,000
Bank Loan	50,000

Angel Investor	30,000
Crowdfunding	10,000
Grants	5,000
Total Start-up Cost	115,000

Financial Statement Forecast:

Particulars	2023	2024	2025
Sales Revenue	100,000	\$150,000	\$200,000
Variable Costs	60,000	\$90,000	\$120,000
Gross Profit	40,000	\$60,000	\$80,000
Fixed Costs	30,000	\$30,000	\$30,000
Net Profit	10,000	\$30,000	\$50,000
Gross Profit Margin	40%	40%	40%
Net Profit Margin	10%	20%	25%

The business forecasts sales revenue of \$100,000 in the Year 2023, \$150,000 in 2024, and \$200,000 in 2025. Variable costs are estimated to be 60% of sales revenue in 2023, 60% of sales revenue in 2024, and 60% of sales revenue in 2025. This results in a gross profit of \$40,000 in 2023, \$60,000 in 2024, and \$80,000 in 2025. Fixed costs are estimated to be \$30,000 annually, resulting in a net profit of \$10,000 in 2023, \$30,000 in 2024, and \$50,000 in 2025. The gross profit margin remains constant at 40% each year, while the net profit margin increases from 10% in 2023 to 20% in 2024 and 25% in 2025.

Cash flow Statement Forecast:

	2023	2024	2025
Inflows			
Sales	£300,000	£400,000	£500,000
Loans	£50,000		
Total	£350,000	£400,000	£500,000
Outflows			
Variable Costs	£100,000	£150,000	£200,000
Fixed Costs	£50,000	£60,000	£70,000
Loan Repayments	£5,000	£10,000	£15,000
Taxes	£30,000	£40,000	£50,000
Total Outflows	£185,000	£260,000	£335,000
Net Cash Flow	£165,000	£140,000	£165,000
Cumulative Cash Flow	£165,000	£305,000	£470,000

Part 2: Applying Entrepreneurship Skills and Knowledge

Throughout the entrepreneurship course, I have acquired various skills and knowledge that will be instrumental in launching and growing my start-up business. These skills and expertise include marketing, financial management, networking, and strategic planning (Lyons et al., 2021). This essay will explain how I will apply these skills and knowledge to my start-up business and create a Professional Development Plan that follows the SMART framework.

Skill Audit

My skills audit has revealed that I possess a range of skills that will be beneficial in developing and running a successful business. These skills include marketing, sales, communication, problem-solving, and project management. I have gained these skills through my experience in sales and marketing roles in previous jobs and through my academic studies.

However, the skills audit has highlighted some areas where I need to improve my skills and knowledge to become a successful entrepreneur. These include financial management, bookkeeping, and business planning (Ham, 2020). I plan to take online courses and attend financial management and bookkeeping workshops to address these gaps. I will also seek advice and guidance from experts in the field and consult with a business mentor to develop a comprehensive business plan. By taking these steps, I can develop the skills and knowledge necessary to successfully start and run my own business.

Personal Development Plan

The idea of creating a business in the brewing industry in the UK is feasible. The PEST analysis has revealed that the industry is growing, and there is a demand for products and services that

promote fun and entertainment. However, the industry is highly competitive, and I will need to develop a unique value proposition to differentiate my business from other players in the market (Phillips, 2021). To achieve this, I will continue to develop my skills, especially in marketing and sales, and learn more about the industry through research and networking.

My Personal Development Plan will focus on the following objectives for the next 6 and 12 months:

Objectives	Actions	Resources Required	Target Completion Date in Months
6-month objectives			
Develop a marketing plan for the business	Research marketing strategies used in the industry, attend marketing workshops or courses, consult with industry experts	Internet access, marketing resources, networking events	3
Attend networking events to learn more about the industry and connect with potential partners	Identify relevant networking events, prepare business cards and elevator pitch, attend events	Networking events calendar, business cards	6
Take an online course on bookkeeping and accounting	Research online courses, enroll in a relevant course, complete the course	Internet access, online course resources	6
12-month objectives			
Launch the business and start generating revenue	Develop a business plan, secure funding, register the company, launch the business	Business plan templates, funding sources, legal resources	12
Evaluate the performance of the business and identify areas for improvement.	Analyze sales and customer feedback, identify areas for improvement, implement changes	Sales data, customer feedback, industry benchmarks	12
Expand the business by developing new products and services or entering recent markets	Research market trends and opportunities, consult with industry experts, develop a new	Market research reports, industry contacts, product development resources	12-24

	product or service, join a recent market		
Hire additional staff to help manage the growth of the business	Identify staffing needs, create job descriptions, advertise job vacancies, conduct interviews, hire staff	Job market data, recruitment resources	24

A Personal Development Plan (PDP) table is a helpful tool for individuals to identify their development needs and create a plan to achieve their goals. The table has four columns: Objectives, Actions, Resources required, and Target Completion Date. The Actions column lists practical steps to achieve each objective, broken down into smaller tasks if necessary (Grit et al., 2019). Resources Required lists tangible or intangible resources needed for each action. The Target Completion Date column sets realistic deadlines based on the individual's availability and resources. Using the PDP table, individuals can create a clear plan, track progress, and identify areas for improvement.

Objectives Following the SMART Framework

Objectives Following the SMART Framework is a method for setting and achieving goals effectively. The framework certifies that goals are commanding all the five figures (Demir, 2021). This approach helps individuals to identify and achieve their goals with clarity and purpose, making them more likely to be successful in their endeavors.

Objective	Action	Resources Required	Target Completion Date
Improve Financial	Attend a financial	£ 500-course fee,	31st December 2023

Management Skills	management course	access to financial management resources	
Build a Strong Network	Attend networking events and conferences	Networking events calendar, business cards	Attend one event per month for the next 6 months
Develop Project Management Skills	Take an online project course management	£100 course fee, access to online course resources	31st March 2024

By achieving these objectives, I will be better equipped to launch and grow my start-up business and increase my chances of success. Therefore, the entrepreneurship course has given me various skills and knowledge to apply to my start-up business. These skills include marketing, financial management, networking, and strategic planning. By developing a Professional Development Plan that follows the SMART framework, I have identified areas where I need to develop my skills further and created a plan to achieve these objectives. Following this plan will prepare me to launch and grow my start-up business and achieve my long-term goals.

Conclusion

This project has allowed me to develop a deeper understanding of entrepreneurship and the skills and knowledge required to launch and grow a successful business. Developing a Professional Development Plan with clear objectives following the SMART framework will enable me to

continuously improve my skills and knowledge and adapt to the changing business environment. The skills and knowledge gained through this course and the PDP will aid in the successful launch and growth of my start-up business in the health and wellness industry. I look forward to utilizing these tools to create a company that meets the market's needs and positively impacts society.

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Appendix

Appendix 1: SWOT Analysis

Personal SWOT Analysis

- **Strengths:** I have excellent communication skills, both verbal and written, that will enable me to communicate effectively with stakeholders. I also possess strong analytical and problem-solving skills that will allow me to identify and address the most pressing problems in the industry.
- **Weaknesses:** I have limited experience in the health and wellness industry, which may hinder my decision-making. Also, I may need help with the financial aspects of running a business, such as bookkeeping and accounting.
- **Opportunities:** The health and wellness industry in the UK is proliferating, and there is an growing demand for products that endorse physical and mental well-being. This presents an opportunity for me to develop a business that meets the needs of this market.
- **Threats:** The UK health and wellness industry is highly competitive, with many established players in the market. This may make it challenging to differentiate my business and attract customers.

	Strengths	Weaknesses	Opportunities	Threats	
Personal	Excellent communication abilities Strong investigative and problem-solving skills	Limited experience in the health and wellness industry Need for help with financial aspects of running a business	Growing demand for health and wellness products and services	Highly competitive market with established players	
Business	Unique and innovative brand High-quality products	Limited initial funding Reliance on external suppliers for raw materials	Growing demand for health and wellness products and services	Highly competitive market with established players	

Appendix 2: Skill Audit:

Skill	Strength	Improvement Needed
Marketing	☐ Yes	
Sales	☐ Yes	
Communication	☐ Yes	
Problem-Solving	☐ Yes	
Project-Management	☐ Yes	
Financial Management		☐ Yes
Book-Keeping		☐ Yes

Business Planning		☐ Yes
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Appendix 3: Professional Development Plan (PDP)

Objective 1: Improve Financial Management Skills

Action: Attend a financial management course

Resources Required: £ 500-course fee, access to financial management resources

Target Completion Date: 31st December 2023

Objective 2: Build a Strong Network

Action: Attend networking events and conferences

Resources Required: Networking events calendar, business cards

Target Completion Date: Attend one event per month for the next 6 months

Objective 3: Develop Project Management Skills

Action: Take an online course on project management

Resources Required: £ 100-course fee, access to online course resources

Target Completion Date: 31st March 2024

SMART Framework

Objective	Specific	Measurable	Achievable	Relevant	Time-Bound
Increase Monthly Revenue by 20%	Yes, it clearly states the goal to increase revenue	Yes, revenue can be clearly measured on a monthly basis	Yes, a 20% increase is achievable with targeted marketing and sales efforts	Yes, increasing revenue is relevant to the overall success of the business	Yes, the goal is set for a specific timeframe, e.g., within the next 12 months
Improve	Yes, it clearly	Yes,	Yes, by	Yes,	Yes, the goal

Customer Satisfaction Rating to 90%	states the goal to improve customer satisfaction	customer satisfaction can be measured through customer feedbacks	implementing changes in customer service and product quality, a 90% rating is achievable	improving customer satisfaction is relevant to building customer loyalty and increasing revenue	is set for a specific timeframe, e.g., within the next 6 months
Launch a new product line by the end of the year	Yes, it clearly states the goal to launch new product line	No, it's not measurable. A better objective could be "Launch 3 new products in the next 6 months.	Yes, launching a new product line is achievable with proper planning and resources	Yes, launching a new product line is relevant to expanding the business and increasing revenue	Yes, the goal is set for a specific timeframe, i.e., by the end of the year
Increase website traffic by 50% in the next quarter	Yes, it clearly states the goal to increase website traffic	Yes, website traffic can be easily measured through web analytics tools	Yes, by implementing SEO and social media marketing strategies, a 50% increase in traffic is achievable	Yes, increasing website traffic is relevant to driving sales and revenue	Yes, the goal is set for a specific timeframe, i.e., the next quarter
Hire 2 new employees in the next 3 months	Yes, it clearly states the goal to hire new employees	Yes, the number of new hires can be easily measured	Yes, with the right recruitment strategy, hiring 2 new employees in the next 3 months is achievable	Yes, hiring new employees is relevant to expanding the business and increasing productivity	Yes, the goal is set for a specific timeframe, i.e., the next 3 months

These objectives have been formulated by the SMART framework, making them specific, measurable, achievable, relevant, and time-bound. Accomplishing these objectives will provide me with the necessary skills and knowledge to launch and expand my start-up business, thereby improving its chances of success.