



ASSESSMENT 2:

BUSINESS PLAN

Module: Entrepreneurship
Module code: LCBB5001

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February 2023 Term

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BUSINESS DESCRIPTION

The business plan refers to going to open a Care Home, where it will present a facility that will provide daily and medical care to all its residents. As Miller(2022) argues, the demand for care places leads to the increase of care homes, leading those who want to start a business in this sector to have many opportunities for success in this market.

The nursing home market presents a very high skill market, each facility wants to present a high-quality service by offering users a unique service that aims to meet the needs of all its residents.

In my case, the service that will be offered will be of a high quality due to the collaboration with nurses and healthcare assistants with a high level of experience and qualifications. In addition, one of the strong points of my service is the use of technologies that will be present throughout the facility.

INDUSTRY ANALYSIS – Porter's 5 forces

Porter's 5 forces are a model that identifies and analyses the five competitive forces that characterise each industry. This helps to perform an analysis of the extended competition and determine the company's weaknesses and strengths (Barringer & Ireland, 2018).

1) Threat of re-entry

In the care home sector, new entrants bring innovation, with new tools, new strategies, and low prices. They succeed in penetrating the market because of market barriers that have not been strategically reinforced (Barringer & Bruce, 2019).

As an example of a way to deal with these threats, one can think of the technology part described in the paragraph before. As an entrepreneur, I must go out and try to invest in research and development, so as to stay abreast of technologies that can make the service work efficiently (Breedveld, 2016).

2) Threat of substitutes

The profitability of the industry is greatly affected when a new product or service meets the needs of a group of similar customers in different ways. The threat of a new replacement service is high if it offers a unique value that differs from the current services offered in the sector (Barringer & Bruce, 2019).

Another strategy is to emphasise that our service, costing more than the substitutes, presents a high level of quality. This makes customers, especially when talking about elderly care, value for money more than just price.

3) Customer bargaining power

Today, every customer wants to buy the best available offer with the lowest possible price (Barringer & Bruce, 2019).

In the case of the Care Home service, this customer attitude creates pressure on profitability in the long run. As Breedveld(2016) argues, if the customer base is very small and powerful,

the greater the bargaining power of customers and their ability to want more and more offers and discounts on the service.

One of the strategies to prevent this factor is to try to build a large customer base, which also leads to trying to expand your service into as many areas as possible.

4) Contractual power of suppliers

Companies in the Care home sector purchase their raw materials from different suppliers. These in a dominant position in the market can reduce the profit margins of Care homes (Barringer & Bruce, 2019).

One strategy to combat this phenomenon could be to build an efficient supply chain with several suppliers, so that the best solution for the Care Home can be evaluated and profitability is not diminished.

There are three different types of competition in the care home market. The first is care home, which provides home and medical care for the patient directly in their own home (r1). This type of care has the advantage that the patient can be cared for in his or her own home at a lower cost. As (R2) argues, the quality of this service is lower than that offered by Care Homes, because the patient cannot be attended to 24 hours a day by specialists but is only visited a few times during the day. The second are Residential Homes, where the elderly live in these facilities as if it were their own home. But these homes lack expert support and are not equipped to be cared for in the best possible way. The third is Care homes in the territory, where many of them do not present an adequate quality of service, due to a lack of specific personnel and adequate tools. Now, given the 3 main competitors in the market, we must go and assess the competitiveness of our service in the market using VRIO analysis against rivals.

5) Competitive rivalry

There are three different types of competition in the care home market. The first is domestic care, which provides the assistant for the patient directly in their own home. This type of care has the advantage that the patient can be cared for in his or her own home at a lower cost. As Jarrett (2018) argues, the quality of this service is lower than that offered by Care Homes, because the patient cannot be attended to 24 hours a day by specialists but is only visited a few times during the day. The second are Residential Homes, where the elderly live in these facilities as if it were their own home. But these homes lack expert support and are not equipped to be cared for in the best possible way. The third is Care homes in the territory, where many of them do not present an adequate quality of service, due to a lack of specific personnel and adequate tools.

Now, given the 3 main competitors in the market, we must go and assess the competitiveness of our service in the market using VRIO analysis against rivals. VRIO (Value, Rarity, Inimitability, Organisation) analysis is a tool used to assess the competitiveness of a service or product in the market (Kodono, Zhang, & Yan, 2020).

This analysis is based on four criteria (Warren, 2023):

- Value: the resources within the Care Home are very valuable. Having very competent and very efficient resources leads to a unique and rare service in the market.
- Rare: within the company you need to go and use very rare and, in some cases, even expensive resources such as, for example, technology or experienced staff. If within

the Care Home they do not use such resources, then for all competitors and for all those new to the market they could go and offer the same service with enormous ease.

- **Imitation:** the service to be offered by the Care Home must be imitation proof, i.e. the process for providing this service must be very difficult for competitors to imitate. An example would be that if the competitor wants to imitate the service we offer, he must go and spend a lot of money compared to what we spend.
- **Organisation:** The last part of the analysis manages the compatibility of the company in the market, which goes to leverage its valuable resources that are difficult to imitate. In the Care Home, the management part of the team must go and put pressure on this to go and develop a strategy to offer a service of a certain quality that will be successful in the market bringing many benefits to the company.

Name of competitor	Differentiation
Domestic care	24-hour patient care, more qualified staff.
Residential homes	Qualified staff and use of state-of-the-art technology.
Other Care home	Service of a different quality: Optimal service quality-price.

MARKETING – 7Ps of Marketing

For a winning strategic marketing plan for a service, one can use the 7Ps, Product, Price, Place, Promotion, People, Packaging, and Process (Stewart Gandolf, 2023).

Product: the service offered by the Care Home will be both medical and the daily chores that residents need. The service will be provided by qualified nurses and well-trained specialists, who will offer a state-of-the-art service with technology that improves the care processes of all people.

Price: For the service offered by the house, the pricing strategy will be value-based, i.e., the perceived value for the customer is based primarily on the needs and wishes of each customer.

Using this strategy has two advantages over its competitors, which are:

- The price is not fixed but is best adapted to the customer's perspective.
- It brings more profits by allowing the business to grow and leading to the acquisition of more resources.

Location: The Care Home will be in a residential area; this is intended to make all residents feel at home. In addition, families and their loved ones also see this place not as a hospital but as a home where their loved ones are resting with all the care they need.

Promotions: The promotion of the service offered by Care Home will be carried out through:

- The website, where there will be all the information about the service on offer.
- Cooperation with hospitals and local authorities.
- Social media, such as Facebook and Instagram.

People: The execution of all medical care and daily care of the residents will be performed by a group of people who are highly professionally trained. The group of doctors and the group of nurses will have a certain level of education and experience as background. On the other hand, the group of caregivers will have a background of experience and will have to have passed certain courses that are essential to offer a high-quality service.

Process: The entire business process will be to ensure a top-quality service, where the cooperation of all company members will be required for maximum efficiency.

Physical evidence: For the latter, the strategy is to organise events open to everyone in the Care Home, where anyone even those who do not have relatives inside the home can visit it. This has the purpose of publicising the service that is offered and has the purpose of doing a lot of advertising to acquire new customers.

OPERATIONS AND MANAGEMENT TEAM PLAN

In the paragraph before we explained what the goals are, now in this paragraph we will go through the process of how to achieve them. The service offered by nursing homes is based on the elderly people who come to the facility.

The business process refers to when the patient is placed in one of the rooms of the home where the organisational team must go to study the plan of his or her care and what assistance he or she needs. The bureaucratic part is done by office staff, the administration of medication by nurses and health checks by the doctor, while assistance with daily chores is carried out by care assistants.

As for supplies, these must be trusted and offer the best product at a reasonable cost, for medical care the house will rely on pharmacies that will issue the right medicines according to doctors' prescriptions.

In the following table we have indicated the Care Home management team:

Name	Skills	What they bring to the company
healthcare manager	Coordination	co-ordinating the business process to deliver the service efficiently
GP	Medical	It makes the treatment process very efficient.
Nurses	Medical	Quality in the care process
Care assistants	Knowledge of the environment	They make the service better

Financial Plan

The Care Home will have a construction cost of 3 million pounds. Given the high construction cost of the facility I must go for additional funds from investors and a bank loan. One of the investors that can

be referred to is Target Healthcare REIT, a company that invests in the construction of residential care UK (ALAN, 2023). In addition to this, one must also proceed with a bank loan.

The costs of the Care Home do not stop at construction costs alone, but we also need to procure all the tools, personnel, and raw materials, here will be my personal fund to cover these expenses.

Once these funds have been obtained, after building and getting all the tools to start offering this service, now we must go and see how our income will be projected over the next 6 months.

According to Alan (2023) the Care Home requires fixed costs of about 40%, whereas for variable costs they start 30% then drop to a percentage in the following months.

Below is a table summarising the various costs you will have and the profit for each month.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Revenue						
Fees from patients (20 rooms, with 20 patients) *	£30.78	£30.78	£30.78	£30.78	£30.78	£30.78
Fixed prices						
• Loan • Salaries • Equipment • Technology	£12.31	£12.31	£12.31	£12.31	£12.31	£12.31
Variable costs						
• Materiale • Medicinali	£9.24	£7.70	£6.16	£4.62	£3.08	£1.54
Profit	£9.24	£10.77	£12.31	£13.85	£15.39	£16.93

*The monthly cost for a Care Home resident is £3,848.

MARKET RESEARCH

In the UK, the nursing home market continues to grow. the number of people aged 85 and over will rise to around 3.1 million by 2045 (Houghton, 2021).

In recent years, the sector has had this growth to keep the pressure of population growth in check, where Pullin(2023) estimates a 9% growth in the number of homes by 2025. Furthermore, this growing demand is expected to attract new entrants to the nursing home sector with an expansion of new companies of 1.9% over the next five years.

This sector in the coming years will see an evolution towards an offer that focuses on providing a high-quality wellness service, thus leading nursing home entrepreneurs to work hard on development and research to always find their own strategy to be efficient and competent in this environment (Salomon, 2022). This will make investors more and more interested in investing, but not only for the profit side but also to diversify their portfolio.

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