

Business Plan - FINAL

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UWTSD - Managing Enterprise in the 21st Century

Business Plan

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Business Owner: Shama Ghias - operating as a sole trader

Mission Statement

At **Stylin**, we believe that your hair is your signature, which can be achieved using organic ingredients and sustainable resources.

Looking great and paying attention to detail needn't come at the price of your principles or the environment, so our aim is to offer cutting-edge styling and treatments that are value for money, raise and challenge industry standards, and make our customers feel good about themselves inside and out.

We achieve this by keeping the focus on what our customers want, improve and educate ourselves in new and innovative techniques and products that lead to beautiful, healthy hair and mind, and don't compromise our commitment to ourselves and our environment.

Aims and Objectives of Business

- To create the ultimate client experience through quality of service, technical skill, a comfortable and welcoming atmosphere, exceeding customer expectation whilst maintaining our commitment to the community and environment.
- To increase the number of clients by 10% per year through customer service/satisfaction, word of mouth referrals/recommendations, and targeted marketing/advertising, particularly through locally based social media groups.
- To establish a sustainable, efficient and profitable salon business based on customer relationships and client retention, supporting our staff, the local community and environment.

Introduction

Historically, hair care and the salon industry has been primarily based on the use of man-made, artificial chemicals and processes that are incompatible with current thinking around sustainability and the environment.

Research has shown that as consumer interest in 'clean eating' and using organic ingredients in our food continues to grow, customers are no longer only concerned about what they put **into** their bodies, but also what they put **on** their bodies.

Science has proven that a certain percentage of personal care products that are applied to the hair and skin are absorbed into the bloodstream. Therefore, synthetic chemicals, which

can negatively affect health and well-being can enter our bodies through the use of skincare, haircare, cosmetics etc. Public concern has rightfully increased, leading to a 10% year on year increase in organic beauty product sales, and this market segment is predicted to be worth more than twenty billion pounds annually by 2024.

My interest in this area stems from my own personal experiences and lifestyle choices made after I had children. I decided to use natural/organic products wherever possible, including food and personal care. My concern for the environment, both locally and globally, increased, especially now that I was responsible for the future that I would be leaving my children.

I have undertaken haircare and styling courses and have professional accreditations in this field of industry. It is my passion and it is this passion which will fuel my business plan.

My research of the Swansea area showed little business regard for sustainable and organic haircare/styling solutions, with most salons offering typically offering standard synthetically based haircare products services with competitive pricing. However, very few of these catered for the unique organic hair care market, whose consumers are generally willing to pay a little extra for a product and services that fit their lifestyle ethic.

My focus on opening the salon in relatively affluent suburb of the city means I can set profitable pricing strategies and aggressively market my target demographic using social media. My intention is to focus the core business using the organic/sustainable nature of our products and services, whilst offering quality and value for money.

Product/Service

The salon will offer the following services and products:

- Hair cutting and styling
- Hair colouring, bleaching and tinting
- Hair extensions
- Treatments
- Styling for special occasions – weddings etc.
- Sale of organic hair care products
- Mobile/home service for vulnerable and elderly customers

Pricing will be competitive, but starting at approximately 10% higher than the equivalent synthetic alternative.

Marketing Activities

The marketing mix is putting the right product (or service) in the right place, at the right time and at the right price.

This can be difficult to do well without knowing every aspect of the business plan and carefully considering what are known as the 4P's of marketing, a model created by E. Jerome McCarthy in the 1960's.



As the image above indicates, the target market can be impacted by considering the 4P's – in the case of my salon:

Product/service – unique organic hair care products and hair care services with a focus on quality and sustainability, the like of which is not offered by any local competitor.

Place – an affluent suburb of Swansea, where the primary target demographic resides and where the shop will be physically located, keeping a natural organic/theme in style and presentation.

Price – an expected price list at approximately 10% higher than non-organic competitors, providing a higher perceived product/service value and giving scope for good profitability.

Promotion – establishing and increasing brand recognition and sales by driving a targeted marketing and promotion campaign through the use of leaflet/flyer drops and social media advertising through Facebook and Instagram, as well as more traditional channels such as local newspapers, print media and radio stations. More importantly, striving to achieve levels of customer service and satisfaction that will perpetuate good word of mouth and positive reviews that will lead to increased business.

I have produced a questionnaire to establish product demand and help determine pricing strategy (see appendix 1).

Physical Resources

The business will operate from a bricks and mortar retail premises in an affluent suburb of Swansea, which will require only the shop floor space (no storage or living space necessary). The cost of the lease, rent and rates will be commensurate with the floor space and rateable value of the premises. Research of similarly sized commercial properties in Sketty indicates the average rent will be in the region of £10k per annum.

It is anticipated that unless a location can be sourced that was previously operating in a similar industry, that fixtures and fittings will also be required (styling chairs, backwash units, reception desk, stools etc). These can be sourced from competitive salon equipment wholesalers online, with prices varying according to quality, style and quantity, and available in packages anywhere in the range of £1300 to more than £3000 (including VAT). The choice of fixture and fitting will also need to fit the theme of the business and incorporate natural raw materials and recycled/upcycled furniture. This may have the added benefit of costing less than their equivalents.

Other items and consumables such as PPE equipment, gowns, hair dryers, mirrors, towels and the products that are to be both used and sold can also be acquired from similar wholesalers, again, with a focus on natural/organic hair care products, reusability, recycling and options that are environmentally friendly. These organic products may initially cost more than their synthetic counterparts, but it is anticipated that the revenue/profit margin will be higher, given the focus of the business and target consumer.

Limited IT equipment may be required in the form of a POS terminal/till, desktop computer/monitor and telephone line for internet access. These can be sourced relatively inexpensively, either brand new or used.

Financial Resources

Business start-up costs are anticipated to be achievable through my personal savings and investment from my husband. As this is a sole trader business with perhaps two employees at most, initial investment costs will be strictly controlled with a budget and the aim of not accumulating a significant amount of debt.

The most significant initial costs will be the lease of the commercial premises, business rent and rates, costs of fixtures/fittings and redecoration, the cost of products for use and sale at the premises, staff wages and utility bills. It is anticipated that with the commencement of the business, regular cashflow will mean that most costs will be borne by the business without the need for a further injection of external finance.

The rationale for this financing decision is based upon personal circumstances. My husband and I are fortunate to have savings that we are able to use to cover the initial start-up costs without having to resort to external financing. Although other financing options (such as those below) have been considered, it was decided that we did not want to commence the business with a significant level of serviceable debt that could affect cashflow. Also, the use of personal finance in a business proposition can be seen to be a sign of confidence in the business plan, will give us more control and allow us retain full ownership without the worry of having to pay external investors or lenders.

There are, however, other financing options such as business loans and grants, particularly for those businesses starting or struggling during the Coronavirus pandemic. Many of these are based on a first come first served approach and their funds may have already been fully committed. A comprehensive list of these can be found on the Business Wales website at:

<https://businesswales.gov.wales/businessfinance/finance-locator>

Human Resources

As the sole proprietor in this business, I will take responsibility for the day to day running of the salon, therefore assuming the roles of general, human resources and operations manager.

Having previous experience of working in a salon, and completing a Level 3 NVQ Diploma in Hairdressing, I have good understanding of the role, and completion of optional units during the diploma, consisting of financial effectiveness, planning and implementation of promotional activity leave me in good stead to manage day to day finances and increase the visibility of the business as a new entity.

My husband, having part-financed this venture will assist in managing longer term financial decisions. Although he works full time as a police officer, he has also managed several self-employed businesses and is currently operates a successful fast food takeaway where a manager and staff are employed in the day to day running of the business, but he is responsible for finances and any senior level decision making.

Initially, I plan to hire at least one stylist to complement the team and to allow the business to service more than one client at a time. This may need to be increased, depending on demand.

The stylist must have good soft and hard skills:

Soft skills	Hard Skills
○ Communication ○ Listening ○ Creativity ○ Active learning ○ Attention to detail ○ Collaboration ○ Patience ○ Presentability ○ Time management	○ Cutting/styling ○ Perming/straightening ○ Colouring ○ Hair extensions and treatments ○ Assessing customer needs ○ Customer service ○ Marketing and up-selling ○ First Aid

They must also have adequate experience, preferably with good qualifications, although this can be assessed on a case by case basis depending on employment history and experience. Due to the business being a new start-up, I will not be able to consider any inexperienced candidates or apprentices.

The competition for recruiting good talent in this industry can be fierce. Recruiting experienced salon staff is getting more and more competitive, with a dwindling pool of talent from which to source.

For this reason, any potential employee must be attracted to the salon based on its brand identity and ethics. The salon's website will be a place to advertise vacancies, as well as our social media feed, followed by industry related job sites, as well as more general ones, such as Monster, Reeds, Indeed etc. A carefully worded advertisement including a comprehensive job description will help to deter unsuitable candidates and provide a list of applicants to shortlist.

I will also need to consider the legal implications of being an employer, from the recruitment stage onwards, including hours/leave/pay, employee rights, discrimination, sickness, disciplinary and grievance issues, and working parents. My intention is to address these necessities in the form of a well-designed and engaging employee handbook that will guide the new member of staff, promote good working culture and reinforce standards of behaviour.

An example of my job description is shown below:

Stylin Sketty – Job Description

Stylin Sketty is a new and exciting organic hair care experience! Come and join us on this exciting journey where we will expand our services and products to cater for every woman that cares about her hair and her environment.

The salon offers a full line of organic and natural hair care products with no harsh chemicals, zero odour, no ammonia, no silicones, no paraffin, and zero paraben, zero formaldehyde or alcohol. We value the health of our customers and our stylists by providing a clean environment with no harmful chemicals inside our salon.

We are looking for an experienced full-time stylist and will provide continual professional development through in-house training and through our product partners.

Assistance in salon duties and cleanliness is expected.

Minimum Requirements:

Full time schedule with the ability to work on weekends.

Must be professional qualified, preferably with at least 2 years industry experience.

Ability to meet committed client appointments and retain them.

Preferred Qualifications:

We support a great place to work environment and you must be a team player to be part of our collaborative environment.

You will be expected to cultivate new guest relationships as well as ensure the retention of our existing clients. You should have the ability to listen to what the client's desires, assess the needs of the clients and recommend the applicable style and/or treatments.

What can we offer:

Pay is employee's choice. Hourly or commission or combination of both.

Commission on retail sales.

Continuing education and professional development on services and products.

Additional employee benefits.

SWOT Analysis

Strengths ⇒ Organic/natural salon theme ⇒ Good location with high footfall ⇒ Excellent customer experience with flexible opening hours ⇒ Comprehensive knowledge of organic hair care products ⇒ Mobile/home service ⇒ Large range of services/treatments	Weaknesses ⇒ New starter in competitive market ⇒ Small initial internet footprint ⇒ Lack of capacity ⇒ No online appointment facility ⇒ Initial start-up costs
Opportunities ⇒ Increasing market demand for organic treatments ⇒ Competitive pricing ⇒ Adaptability to fashion trends ⇒ Sale of organic products ⇒ Local business/college partnerships ⇒ Improved online presence and marketing opportunities.	Threats ⇒ Limited barriers to market entry by competitors ⇒ Aggressive discounting by competitors offering synthetic products ⇒ Industry policies/regulations ⇒ COVID19 pandemic

PROJECTED CASH FLOW STATEMENT – 1st Year of business

Cash received (initial family investment)	£20000
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Income from sales/services	£50000
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Total cash received	£70000
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Cash paid out

Rent/rates	£15000
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Payments for products/consumables	£5000
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Salary	£15000
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Insurance	£500
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Utilities (gas, electricity, water, internet)	£1500
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Fixtures/fittings	£3000
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Total cash spent	£40000
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Net cash flow	£30000
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Stylin Salon

This survey is going to take a few minutes, I hope you can fill this out.

*** Required**

1. *Email address* *

2. *What was the initial reason for choosing your current hair salon?* *

3. *How much do you currently spend on your average Haircut?* *

Mark only one oval.

☐ 10 to €15

☐ 15 to €25

☐ 20 to €25

4. *How likely would you be to switch salons?*

Mark only one oval.

1 2 3 4 5 6 7 8 9 10

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

5. *Would you be prepared to travel to visit a particular hair salon?*

Mark only one oval.

☐ Yes

☐ No

☐ Maybe

12/11/2020

Stylin Salon

6. *What would be your main motivator for switching salons?*

7. *How likely would you be to recommend your salon?*

Mark only one oval.

1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

8. *Which type of products would you like?*

Mark only one oval.

- ☐ Artificial
- ☐ Organic
- ☐ Plant based
- ☐ Chemical

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