



NetZero

Business plan

Managing enterprise in the 21st century

BMSW 4006

Lecturer: XXXXXX XXXXXX

Group work:

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1. Business Plan Overview

1.1 Business/Company overview

The company legal structure will be a Partnership company. Based on (Department for Business, Innovation and sales, 2011), “a Partnership is a company of two or more legal persons, who set up and run a business together”. The owners of the business or the partners will be Dilyana Georgieva, Alexandru Dragomir, Adolfo Heras and Toseefa Rafique students from UWTSD Birmingham. The partners will sign up an agreement, setting out the amount each partner will contribute, and the way the partners will share the profits and losses of the business.

Our company name will be BikeNetZero. It will be located at Birmingham city centre.

Depending on the evolution of the project, it is expected to incorporate other partners or collaborators who provide knowledge and experience in the English market. See Section 5 "Human Resources Strategy"

1.2 Our mission

In principle, our objective will be cities with governments committed to policies to improve citizen mobility and sustainability.

Our mission is to help the UK to reduce greenhouse gas emissions, by providing an alternative of using cars. BikeNetZero will rent bicycles at Birmingham city. Our company and business mission are to comply with the new regulations, taking place in Birmingham and to become a part of NetZero program.

According to (Local Government Association, 2021), NetZero is a program delivered through a collaboration between Local Government Association and University College London. “Its aim is to address climate challenges at the local authorities and seek routes to achieve council’s net zero commitments”.

2. Product and Services



Our company rents bicycles. We rent by the day, week, or month. We will provide the service maximum of two hours, in contrast to most rivals who hire hourly. We will employ just different forms of bicycles: adult bicycles and kids bicycles. Our bicycles will be a diverse range of multiple companies that we have acquired refurbished. All adult bicycles will have at least ten speeds. All adult bicycles will include standard grips that are not designed for racing. Children's bicycles will have a single gear.

Additionally, infant seats will be given free of charge upon advance application. These chairs are straightforward to install and uninstall, which allows the rental vehicle to remain versatile. Specific models will include high-rise handlebars. All bicycles will be equipped with essential safety measures, such as indicators and an operational bell or horns. Before each rental, the brakes will be inspected.

Additionally, all bikes will include a carrier. Besides, we will promote ourselves as a family-friendly establishment, offering a diverse selection of bicycles suitable for adults and children of all ages (Lewis & Nelson, 2014). We will hire children's bikes for half the cost of adult bicycles. We will have a sufficient quantity of complimentary infant chairs. Our primary objective is to expand our client base for our present product offers in terms of future summertime. We may start buying additional, high-quality bicycles and standardizing our collection in the upcoming seasons. We may also check and review passionate demand for higher-end cycles.

3. Market Audit

3.1 Market Audit-Competitor's Analysis

The sector to which our product is destined are the cities and municipalities where there are governments that are committed to sustainable mobility.

We did a market research on a three different company working on a bike renting market, and on the products and services they are offering at our business destination, Birmingham.

Based on the data of our findings, we decided to start our business with 25 bike stations and 250 bikes, with several kid's bikes as we found out that no one from our competitors provide this service. Our price list and rental slots are extended and various with competitive pricing to meet more customers' needs.

Below are our findings at the competitor's market.

Factors	Your company	Competitor A	Competitor B	Competitor C
	BikeNetZero	West Midlands Cycle Hire	On Your Bike	BikePro Racing
Industry	Bicycle market	Bicycle market	Bicycle market	Bicycle market
Products or services	Renting bicycles	Renting bicycles	Renting bicycles/ Bicycle repairs / Insurance	Renting bicycles/ Selling bicycles and accessories
Similarity	Shop/online	Shop/online	Shop/online	Shop/online
What makes us different	Adults and kids' bicycles Bicycles with at least ten speeds Maximum of two hours service Infant chairs free of charge	Adults' bicycles Pedal power - 23 gears Mud and chain guards Laser lights Handy storage at the front	Adults' bicycles Standard road bikes, Deluxe range, and a Super Deluxe full carbon range, all available in various sizes Touring bikes	Adults' bicycles Road bicycles Hybrid bicycles
Advertising	Leaflets Tests and surveys Ads on the locals' magazines Social media presence	Leaflet	Shop posters	None
Price	2 hours £5.00 1 day £20.00 1 week £42.00 1 month £158.00 Kids bicycles on half price	Unlock a bike £10 10 min £1.50 20 min £2.00 30 min £2.50	£48.00 - £145.00 per week £20.00 per day £35.00 - £195.00 per week Some bicycles require £250.00 refundable deposit	£15.00 half day £25.00 - £35.00 per day £35.00 - £50.00 weekend £50.00 - £75.00 per week 24 hours' notice require

3.2 SWOT Analysis

According to Sabbaghi and Viadyanathan (2004) SWOT stand behind Strength, Weaknesses, Opportunities and Treats.

Below is the SWOT analysis considering the strengths and weaknesses of both the product and the team and the opportunities and threats of the sector and environment.

	STRENGTHS	WEAKNESS
Internal	• Competent promoter with experience. • Know how and technology endorsed for 10 years in the public bicycle sector in Europe. • Establishment of the company in England through a subsidiary or partnership. • The alliance with a British partner will facilitate the identification and acceptance of the company • Technological support by a Spanish company with great experience in the sector	• Basic knowledge of business and financial management. • Basic knowledge of marketing and sales. • Little practice in the administrative management of municipalities • Weak initial infrastructure • Need to diversify tasks, with the incorporation of specialists in skills that exist deficits
	OPPORTUNITIES	THREAT
External	• Starting the NET ZERO plan. • Popular pressure demands public bicycle services. • The desire of many municipalities to incorporate a public bicycle service in their municipalities • Sector with few competitors • Competence in inferiority of Know how • Competition that is questioned by its monopolistic position	• Presence of competing companies with the capacity to exploit our weaknesses. • Governments and municipal regulations that are not committed to sustain • Downturn in Economy • COVID-19

Based on this SWOT analysis, we can recognise our strengths, that we have experience at the public bicycle sector in Europe. Also, we have a technological support by a Spanish company with great experience in the sector. We can start the Net Zero program.

Our weaknesses are mostly little practice on administrative and management of municipalities and basic knowledge of marketing and sales. This is something we need to work on as a company.

3.3 PESTEL analysis

PESTEL Analysis is a tool used to identify the external factors facing an organization. (What is a PESTEL analysis?, 2021)

Our PESTEL analysis support our decision to start our business at Birmingham as it is a global business city centre which sows an economic perspective of grout. We need also to comply with the local employment law and health and safety rules. The research also shows that we will have the necessary access to internet and mobile devices we will need for our services.

Political	• Political stability during Covid-19 • Impact of Brexit over the economic stability • Employee legislation, wages, benefits, and taxes
Economic	• Birmingham economic growth as a global business city • Competitor pricing • COVID-19
Social	• Health and excessing benefits • Access to internet and mobile devices
Technological	• Recent technological developments • Rate of technological diffusion
Environmental	• Net Zero program • The need of promoting environment friendly products
Legal	• Employment law • Health and safety law • Data protection

4. Target Market

Any business or company's success depends on marketing. If the company knows what customers demand is, then it can have a clear idea what they are looking for. Market is group or organization of people who can buy things of any cost because they can afford it. Marketing is an activity that a company do to promote the buying and selling of the products.

As a company our aim is to put customers first.

Market segmentation is immensely helpful in success of any business so in this bike net zero business we divided the customers in geographic segmentation. The market segmentation has also been found useful in developing strategies to best serve the various submarkets for increasing the public transport ridership. ("Bicycle commuting market analysis using attitudinal market ...") (Guliano and hayden,2005) It means we recognize customers through location, so we know from which area do they belong where our bike stations are.

Dividing customers in demographic method is a good technique as it means we put our customers in age, gender, income, and education sectors.as in this bike net zero business there is no age discrimination young girls' boys, teenagers, old men, and women anyone can use this service.

Psychographic method is a method in which we divide population in different values as how conservative, liberal, or open-minded people are. Through this method we try to learn about customers in more depth.

Bike net zeros, target market is mostly dependent on all age group. Because now a days when health problem is big issue and obesity becomes the unsolvable problem this project is good opportunity for those people.

Bike net zero will be located at the center of Birmingham city. It will be a good target place for us as people goes to offices, kids go to schools and it becomes remarkably busy in rush traffic hours, so Bike net zero gives an opportunity to use their service and save their time and reach on their destinations on time. We tried to give promotional discount to our customers as well. For infants we have carrier, and it is free of charge. For kids we offer half price, so it is good opportunity for parents to take kids with you and promote eco-friendly environment. In these covid crises when everyone is suffering financially and health wise, we offer our health workers 20% off as a token of appreciation. To get more attention of the customers we give 10% discount to students as well because where our station is located there are many colleges and universities. So overall this service is available for all communities either they are African, American, Asian or belong to another

community they are welcome to use our Bike NetZero service because we believe in equality.

5. Marketing Plan

Our primary marketing pitch is to deliver rental bicycles directly to the selected location in contrast to our rivals (Sandy, 2017). As a brand-new firm, we are going to experiment with and test a differentiated marketing strategy instantly.

Uniques Selling Proposition: Our unique selling proposition will be "Ride Safe, Ride Yourself." We picked it because it is concise and visually appealing enough to grab the interest of clients.

Advertisement Techniques:

We will make every effort to pick up the phone quickly, whether it is midnight during the day. If we cannot answer soon, we will attempt to return the call as promptly as practical. We will respond via email with a personalized version of our predefined appealing reasons for clients to rent. Our website is intended to provide potential customers with all of the knowledge they have to feel confident in making a rental decision with us.

Our webpage is a crucial part of our promotion. We shall mark or link to the website URL in all of our advertisements. We will give consumers all the details they want, including photographs of happy clients enjoying our best cycles and a common questions website. Additionally, we will provide pricing. We shall prominently display our cellphone number. We will visit every campground, hotel, and local cafe within a two-hour drive of our residence and paste an advertising flier on every notice board (Adams, 2021). At hostels, we will put a little hand out leaflets. We will do many extremely brief keyword marketing experiments. We will run tests on numerous distinct keywords and ground stations. We may quickly terminate the deal later if we receive an excessive amount of business. We will actively advertise our social media presence; we will invite friends, clients, prospective clients, and critical local business people to follow us; and we will frequently update our info.

6. Managment Team

Managment Team	Qualifications	Experience	Skills	Job Role
1. Marketing and Commercial Manager: Mr. XXXXXXXX	BA Hons Marketing and Commercial Management	10 years of running a family business	Excellent teamworking, Ability to work well under pressure, Exemplary communication skills, Strong negotiator, IT skills.	Managing client relationships, identifying new opportunities, and negotiating new contracts.
2. Technology and Production Manager: Mr. XXXXXXXX	Manufacturing Technology and Management MSc	5 years at Halfords, 3 years production manager at Range Rover	Mechanical skills, strong knowledge of manufacturing standards, good communication skills	Designing new products, schedule maintenance for equipment, assembling products.
3. Administrations and Finance Manager: Ms. XXXXXXXX	BA Hons Accounting and Finance	5 years of Administration and Finance Officer at Derby City Council	Good techniques of financial analysis, managerial skills, good decision-making skills.	Analysing and organising financial activities.

7. Financial Plan

Councils are the target client for this project.

We sell a complete project and the client is in charge of looking for financing (example: grants and sponsorships, etc.)

Firstly, we sell the project and then start with the production of the **25 bicycle stations** and **250 bicycles** and then the installation and start-up of the service.

To open and expand our bike rental business, we had to make an initial investment to buy the equipment we need. As partners in our associate company, we are going to invest £2.500 each and £12.500 in total.

There is a sum of £50.000 which is an initial grant provided by the royal family in memory of the Duke of Edinburgh. We will provide this information to our client so there will be the possibility to obtain this grant to invest in the initial project and start his business.

We sell the project for an amount of £1.009.225,00 and we have a net income of £159.068,25 after tax and investments. That result represents a 16% profit.

7.1 Cash Flow Forecast

In the first month, the customer pays £636.451 to start the production and installation of the equipment and in the next 11 months £33.889 corresponding to operating expenses.

We do not have loan repayments because we sell first and then we start the production.

The staff will be 11 employees including the manager during the first 12 months.

You can see the following table all the data summary.

BikeNetZero	CASH FLOW FORECAST												Totals
	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
Sales Income	£636.451	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£1.009.225
Grants	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Bank Loan	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Investment by Owner	£12.500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£12.500
Any Other Income	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Incoming	£648.951	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£33.889	£1.021.725
Equipments and Installation	£482.050	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£482.050
Stock/ Materials	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£3.540	£42.480
Rent & Rates (Phones/Internet, etc)	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£1.500	£18.000
Wages	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£14.500	£174.000
Server hosting and maintenance	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£9.600
Electricity/ Internet (25 bike stations)	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£2.396	£28.750
Insurances	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£1.667	£20.000
Reenting Vehicles (electric cars)	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£1.875	£22.500
Advertising	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£833	£10.000
Bank Charges*													£0
Accountancy Fees*													£0
Total Outgoing	£509.161	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£27.111	£807.380
Incoming less outgoing	£139.790	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£6.778	£214.345
Opening Bank Balance	£0	£139.790	£146.568	£153.346	£160.123	£166.901	£173.679	£180.456	£187.234	£194.012	£200.790	£207.567	
Closing Bank Balance	£139.790	£146.568	£153.346	£160.123	£166.901	£173.679	£180.456	£187.234	£194.012	£200.790	£207.567	£214.345	

7.2 Profit and Loss Statement

We sell the project for an amount of £1.009.225,00 and have a cost of sales of £524.530 a Gross Profit and contribution of 484.695 and a cost of operating expenses of £282,850.

The BDITA profit is £201.845. We do not have depreciation because the product that is sold, delivered and the customer is responsible for any subsequent depreciation.

The result of Income before taxes is £201.845, we have a 15% tax that is £30.276,75 and with a result of net income and profit after taxes is £171.568,25.

We have to recover the initial investment contributed by the five partners (£12.500) and we will obtain a result after net income, taxes and investments of 159.568.25. The result of the business will reach 16% of profits.

You can see the following table all the data summaries.

BikeNetZero								
	Profit and Loss Statement							
	Year1							
REVENUES	£							
Sales	1.009.225,00							
Total Sales	1.009.225,00	A						
Less Cost of Sales								
Equipments and Installation	482.050,00							
Variable cost/ stock materials	42.480,00							
Total Cost of sales	524.530,00							
GROSS PROFIT/Contribution	484.695,00	B						
OPERATING EXPENSES								
Rent & Rates (Phones/Internet, etc.)	18.000,00							
Wages	174.000,00							
Server hosting and maintenance	9.600,00							
Electricity/ Internet (25 bike stations)	28.750,00							
Insurances	20.000,00				Break-even point	(C X A)/B		
					A	1.009.225,0		
Reenting Vehicles (electric cars)	22.500,00				B	484.695,0		
					C	282.850,0		
Advertising	10.000,00							
					Break-even	588.946,23		
Loan Repayments *	-				* We do not have loan repayments because we sell first and then invest.			
Bank Charges *	-							
Accountancy Fees *	-				* It is included in the costs of Rent & Rates.			
Total Operating Expenses	282.850,00	C						
Profit BDITA	201.845,00				D=Depreciation			
					I=Interest			
Less depreciation*	-				T=Taxes			
Income before taxes	201.845,00				A=			
					* Assumption No depreciation.			
Taxes (15%)	30.276,75				The product that is sold, delivered and the customer is responsible for any subsequent depreciation.			
Net Income/Profit after tax	171.568,25							
Investment by Owner*	12.500,00				* 5 team members invest personal funds of £2,5K each.			
Net Income/Profit after tax and invest.	159.068,25				Result of the first year.			

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