

BA Business Management

LCBB5001-Entrepreneurship

Lecturer: Laila Maazouz

Assessment 2

Hristina Rageva

Student number : 2024897

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Introduction

The ultimate feasibility of entrepreneurship is providing better utility to the consumers with better products or services as well as processes (Ekanem, 2017). It is a process of generating financial return with the practical idea of business and its implementation in the marketplace to meet the gap of the existing market. It is a challenging task and it produces a finite number of social, environmental, economic, and national edges.

The main finding of the report is designing a new start-up with the name of 'Purpleberry Beer' describing its products and policies of initiating the business journey. VRIO and Porter's five forces model are taken into account to analyse the scope and rationale for initiating the start-up in the industry. Similarly and chronologically, operation management, marketing operation, financial prospects, and market research are considered to support the practicality of the business plan.

Main Body

Overview of the Business Plan

The name of the craft beer company is will be 'Purpleberry Beer'. The popularity of craft beer is increasing worldwide especially in the UK. The company will try to take this opportunity and acquire a reputable place in the industry (Fuller & Pickernell, 2017). Craft beer had a global market size of USD 43.8 billion in the year 2020 and is projected to reach USD 190.66 billion in 2027. The mission statement of the company is 'to celebrate life, to feel the spark of enthusiasm and to inspire the dream for a better world'. The company will begin with one production facility and will increase the number of facility in future based on demand (Heizer & Render, 2011). A major reason behind the popularity of craft beer is its diversity in taste and flavour. The company will use this opportunity and produce beers with various flavours and taste. Special focus will be given at the distinct taste of the beers of the company. It will help the company to gain popularity and a distinct identity. The company will produce beers keeping the demand of various types of customers. Demand of different age groups and regions both will be put on focus. The company will try to sell the products country wide and in as many outlets as possible (Mutel, 2010). Purpleberry Beer will make sure of environment friendly production process. The waste will be used to generate power for the production facility and the ingredients will be collected from farmers who grow then naturally. Ingredients that are good for both health and taste will be used in the production.

Industry Analysis

The popularity of craft beer is increasing in the UK just like the rest of the world. Park (2022) reported that the expected market size of craft beer in UK is USD 1.4 Billion which is 2.6 percent more than the previous year. It is expected to increase further in the upcoming years. This opportunity of a bright future and expanding demand inspired the company to set up brewery. The VRIO analysis of Purpleberry Beer is given below:

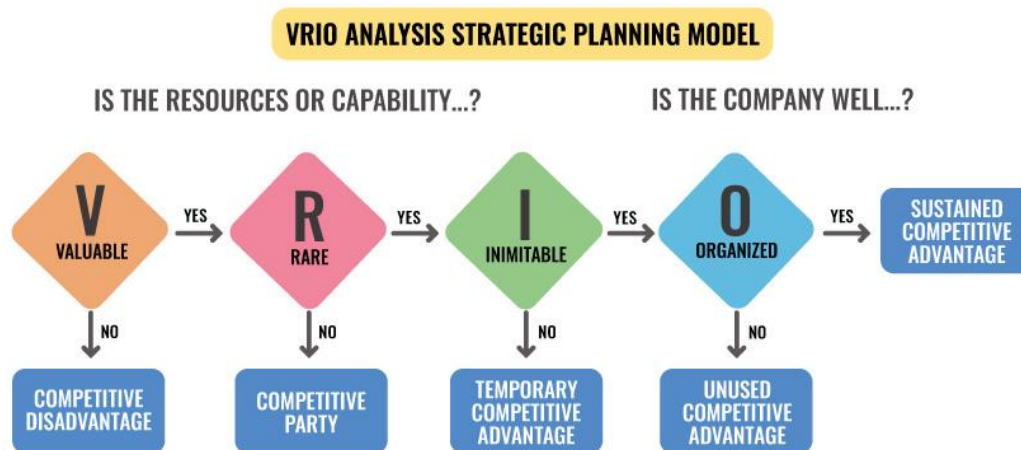


Figure: VRIO analysis (Richardson, 2021)

Values

The values of the company will be the brewing techniques, good quality ingredients and a customer friendly product line. The company will prioritise the demands of the customers. The demands of different flavours and taste will be taken into consideration (Fuller & Pickernell, 2017). Also, the availability of the products everywhere in the UK will also be made sure. The pricing will be customer friendly and the company will have products of different price. For this different bottles of different quantities will be used.

Rarity

To ensure the rarity of the products of these company products of unique taste will be produced. Brewing techniques that is helpful for maintaining quality will be used in the production process (Ekanem, 2017). The quality of the ingredients will be checked time to time to maintain high

quality. Ingredients will be collected from farmers who grow them with little or no pesticides and artificial ingredient.

Inimitability

The company will maintain its uniqueness through offering unique taste and quality. Farese *et al.* (2016) stated that different flavours that are unmatched with other companies will be brought into the market. Its unique flavours will be helpful for the branding of the company.

Organisation

A stable supply chain will be maintained for the company. The organisation will try to reach customers all around the UK. For this, it will be made sure that products are available in all the regions (Mutel, 2010). Selling products in big number of outlets around the UK will be helpful to spread the popularity of the products and the organisation. For this a proper and effective distribution channel will be developed.

To analyse the condition of the industry, Porter's five forces model is considered to be applied below:



Figure: Porter's Five Forces Model (Richardson, 2021)

Competition

At present the competition in the craft beer industry of UK is intense. The reason behind this is the big demand of craft beer (Park, 2022). As the demand is on a rise as forecasted it will be easy for the company to get into the industry and compete with other farms.

Threat of new entrants

The threat of new entrants in the UK craft beer industry is low. The reason for this is barriers of entry. It needs specialised knowledge and expertise to get into the market.

Bargaining power of customers

In the UK craft beer market customers have a high bargaining power. The reason behind this is the wide range of options for customers to choose from, the cost of changing brand is low (McDaniel *et al.*, 2012). Also, they have a easy opportunity of brand comparison and research.

Bargaining power of suppliers

The bargaining power of suppliers is low in the UK craft beer market. There are many producer of ingredients needed in that industry which gives the companies a high power of bargaining.

Threat of substitutes

There are many substitutes of craft beer such as wine, spirits etc. The craft beer market is still growing.

Operations and Management Team Plan

The operations and management team of Purpleberry Beer will consist of several members and each member will be responsible for the duty of his own department (Heizer & Render, 2011). The responsibilities of the operations and management team are discussed here:

Supply chain management

The supply chain manager will be responsible for the procurement of the ingredients necessary for the company (Ekanem, 2017). His other job will be to maintain a healthy relationship with the suppliers. He will make sure the efficient distribution of the raw materials.

Production management

The job of production manager will be to oversee the production process. He will manage the brewing process and maintain the quality of beers promised by the company. He will make sure of the consistency in the quality of the beers.

Inventory management

The job of the inventory manager will be to manage the raw materials and final goods. He will make sure that enough supply is in the inventory to use in the production and enough final goods in the inventory to meet the demand (Farese *et al.*, 2016). He will try to minimise the waste.

Quality assurance management

The quality assurance manager will be responsible for testing the quality of the products. He will make sure the ingredients used meet the standards of the company and also the final products meet the necessary qualities (Fuller & Pickernell, 2017). He will make sure the consistency of the quality of the products.

Sales and marketing management

The duty of the sales and marketing manager will be to conduct market research, market expansion and making sure of smooth sales process.

Human resources management

The job of the human resource manager is to oversee the human resource of the company. He is responsible for employee recruitment and handling them (Heizer & Render, 2011). Also he will look after employee wellbeing.

Finance and accounting management: The responsibility of finance and accounting manager will be to look after the finances and allocation of them.

Marketing Plan

Marketing plan is a strategic roadmap that an organisation uses to organise, execute and track its marketing activities. McDaniel *et al.* (2012) claimed that an effective marketing plan is needed to ensure the expansion of market and revenue by advertising the products, making sure of its availability and managing its smooth supply. An effective marketing plan must use the 4Ps. It's a model consisting of four marketing elements. Such as-



Figure: Marketing Mix (Self-made)

Product

Product is the element that will be offered to satisfy a demand of the customers. The products of Purpleberry Beer will be developed in a way that it will delight the customers with unique taste and high quality (Richardson, 2021).

Price

The pricing is important because the demand depends much on this. Purpleberry Beer will be prices attractively to compete with other brands of the market and it will offer better price more quality (Park, 2022).

Place

The availability of Purpleberry Beer in the entire Uk will be made sure. To capture a big number of customers it is necessary to sell the product country wide.

Promotion

Promotion of a product can be done with advertising. The advertising of Purpleberry Beer will be conducted through social media advertising (McDaniel *et al.*, 2012). It is the most effective way of advertising in the present time.

Financial Plan

The finances for the company will be managed from multiple sources. The owner's savings, bank loan, angel Investors and some other sources will help to manage the required capital (Brigham & Houston, 2022). The sources of the fund:

Sources of capital	Amount (£)
Owners savings	20,000
Bank loan	50,000
Angel investor	30,000
Crowdfunding	10,000
Grants	5000
Total amount	1,15,000

Table-1: Sources and amount of capital.

The start-up cost:

Particulars	Amount ((£)
Legal	1000
Stationery	1000
Brochures	2000
Consultant	2000
Insurance	4000
Rent	3000

Research and development	4000
Equipment	14,000
Others	4000
Total	35,000

Table-2: Start-up cost.

Start-up assets needed:

Particulars	Amount (£)
Cash balance on starting date	65,000
Others	15,000
Total	80,000

Table-3: Start-up assets and amount.

Six-month cash budget forecast:

Month	Beginning cash	Total outflow	Total inflow	Ending cash budget
1	65,000	20,000	30,000	75,000
2	75,000	25,000	35,000	85,000
3	85,000	30,000	40,000	95,000
4	95,000	35,000	45,000	1,05,000
5	1,05,000	40,000	50,000	1,15,000
6	1,15,000	45,000	55,000	1,25,000

Table-4: six month cash budget forecast.

The projected cash inflows of the organisation for the next five years:

Year	Amount (£)
1	1,20,000
2	1,50,000

3	1,90,000
4	2,40,000
5	3,00,000
Total	1,000,000

Table-5: Projected cash inflows.

Market Research

The craft beer market of the UK has continuously been expanding over time. The reason behind its increase in popularity is variation in taste, flavours and high volume of alcohol (Ekanem, 2017). Even though the market condition of the industry is intense it is possible to grow because of the growing size of the market. Every business organisation operates in a macro environment where various factors put impact on the environment. The macro environment of craft beer industry of the UK is analysed here based on various factors-

Economic factors

The economic condition determines the purchasing power of the general people. As the economic condition of the UK is stable it is safe to say that craft beer business will be profitable here. The opportunity for growth is available in the industry (Farese *et al.*, 2016). Purpleberry Beer can set long time planning regarding their business considering the current economic condition.

Technological factors

Technology plays a crucial role in business. The development in the technological field will enable Purpleberry Beer to carry a high technology production process. Also it is helpful in the supply chain and marketing channels (Fuller & Pickernell, 2017). The company can advertise their products online and can sell products in various online shops which is a great advantage for business expansion.

Environmental factors

Environmental factors such as carbon emission and other regulations are easy to maintain in craft beer industry (Heizer & Render, 2011). As the production wastes can be used in various

purposes it is beneficial for the environment. The industry can adopt things like recycling to meet the environmental demands.

Social and cultural acceptance and trend

The people of the UK are known for their love towards alcoholic beverages especially craft beer. The culture is on the positive side of the industry.

Conclusion

In conclusion, the business plan of 'Purpleberry Beer' is justified with the comprehensive illustration of its organisational procedures. Though the financial plan seems to be more risky as the majority of required fund is managed through external sources, it may produce more profit margin if the positivity of credit financing can be ensured. Operational management, marketing plan, and industry analysis are also in a moderate degree of favourable position. In the end, the efficient execution of the business plan is enough to reach the stated mission and vision of the organisation.

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