

Entrepreneurship

LCBB5001

Assignment 2

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1. Business description

The selected business to develop a business plan is Optiko LTD, an independent optician that will provide eye care services. It will conduct eye sight test and prescriptions accordingly, but it will also sell different ranges of glasses, sun glasses and contact lenses.

This report analyses the optical and eye care industry and uses tools of analysis such as VRIO and Porter's five forces model. It presents the operations and the management plan by describing the required equipment, the required specialised staff and the team members enumerating their skills and roles within the business. For the marketing plan it assesses the 4Ps for the business and it explains the financial aspects. It concludes with the market research which is essential for the business forecasting.

The mission of Optiko LTD is to ensure qualitative optometry services for every customer. Optiko's vision is to reach and help the local community and provide consistent service. The aim of Optiko is to gain the trust of the local community and to expand business to other parts of London.

2. Industry analysis

The optical sector has recorded major changes along time. The use of modern technology has increased as well as the development of contact lenses and the development of the market. The Government involvement has increased also creating new legislation and increasing the funding. In the past free NHS sight tests were limited and from 1999 it has been implemented that population over 60 years old to be entitled for free services. From 2007 it has been created legislation for trained and qualified opticians to be able to prescribe certain medicines independently.

The industry has registered progress concerning the technology and laser surgeries that improve different types of visual impairments (Euromonitor, 2022).

The traditional approach for specialised opticians has changed, it has been improved and can address more complex problems. Further that large players from the business world has seized the opportunity to enter this market and have open in-store opticians such as Tesco and Asda. Therefore competition has increased with big brand names such as Boots Opticians, Specsavers or Vision Express. Despite that the independent opticians still have approximate 30% of the market. Obtaining and retaining customer loyalty is the base of the independents who are able to offer quality services and compete with market leaders. Online opticians are an emerging trend but which has received criticism as it is impediment to have a face to face consultation (Statista, 2023).

VRIO analysis

The industry has big potential because whilst other market can encounter fluctuation in demands, the medical care will always be addressed and due to its importance. The opportunities for this growing market are rising along with development of technology and medicine. The VRIO model looks at the Value, Rareness, Inimitability and Organisation. Independent opticians are capable to delivering *value*, through knowledgeable, skilled and trained staff who are able to gain the trust of the patients. The usage of modern technology and more accurate testing is a factor that confers value to the service. That is why opening a business like that requires considerable capital to ensure that it benefits of the best resources. There are a high number of opticians so the competition can be fierce and is more difficult to have *rare* capabilities. Technology is available for anyone who can afford it so it can not be considered *inimitable*, but for independent opticians can be an obstacle. The staff can be considered an *inimitable* resource because it can influence the business considering the type of the sector and the act of providing medical care. The proposed business Optiko will activate as an independent optician the more traditional approach to provide care rather than standardised service. The *organisation* has great potential to create a distinctive name by the quality of the service provision (Startupdonut, 2023).

Porter's 5 forces

Bargaining power of suppliers

The Bargaining power of suppliers can be high because it depends on suppliers for equipment and glasses or contact lenses. Suppliers can raise the prices or can reduce quality and that will influence the opticians service provision. There is not an large number of suppliers because of the specialised products and further that the product differentiation is low and even volume can be limited at times. Suppliers can influence the costs and making it more difficult for potential companies to entry the market in order to reduce competition.

Bargaining power of buyers

Bargaining power of buyers can be moderate because even if the number of customers is high there is a low switching cost and the eyesight market is large. The buyer can influence the price, demanding a lower price or can demand an increase in quality. Some buyers purchase glasses to be

fashionable at the extent of medical reasons and brand names and that also sets the bargaining power to be moderate.

Threat of substitutes

The threat of substitutes is considered to be high based on the different products available to substitute glasses such as contact lenses. Opticians now are including services for contact lenses to ensure a larger grasp of the market. In that case the threat can be low. Besides contact lenses it can be considered the eye surgeries and laser treatments which can improve the eyesight but that is low because of the cost and medical risks.

Threat of new entrants

The threat of new entrants can be moderate as it involves higher costs because of the specialised equipment that it is required and that the market is dominant by several major players that are able to offer complex services and have a larger variety of produces and even differentiated products with own brands for frames and with stronger brands names.

Rivalry among existing competitors

The eyewear industry is fragmented and despite that there are existing large companies in the industry, none of them are dominating the market and for that purpose independent opticians are still highly valued for local communities. The brand name can be a decisive factor for buyers to choose a company and that can be a competitive advantage when a diverse offer is available to attract customers (Prezi, 2023).

3. Operations and Management Plan

The business Optiko LTD is an independent optician registered as a limited company which intends on long term to create a brand name and expand business by opening more branches and it will be registered with the General Optical Council (GOC) (Gov, 2023). Optiko LTD will offer services for testing sight of the customers, prescribing and fitting spectacles adhering to the Opticians Act and Orders, Rules and Regulations.

Equipment required for Optiko LTD is Autorefractor, Bead Bath Heater, Binocular vision tests, Burton lamp, Colour vision test, Digital dispensing/measuring device, Digital fundus camera, Facial gauge, Field screener, Fluorescein, Focimeter, Frame heater, Keratometer, Optical coherence tomographer, Ophthalmoscope, Pachymeter, PD rule, Pliers, Pupillometer, Refractor head, Retinal

imaging equipment, Retinoscope, Slit lamp, Test chart, Tonometer, Topographer, Trial Frame, Volk lens, Tonometer, Phoropter (Depisteo, 2022).

The management team includes a general manager who is the business owner responsible with admin tasks and running the business, meeting suppliers, 3 qualified opticians who will be able to sight test and spectacle dispensing and 1 of the opticians will be responsible for contact lenses services, 2 sales assistants who will be able to assist the customers on the shop floor with fittings, spectacle repairs and other queries such as protective appliances and so on.

Table A. Management Team

Team members	Skills	What do they bring to the firm
General manager	Management and leadership, negotiating skills, admin, sales	Run the business, ensure success
Optician	Specialised knowledge	Perform sight test, prescribe
Optician	Specialised knowledge	Perform sight test, prescribe
Optician	Specialised knowledge	Perform sight test, prescribe
Sales assistant	Communication skills, organisational skills, sales	Interact with customers, responsible with bookings and generating sales
Sales assistant	Communication skills, organisational skills, sales	Interact with customers, responsible with bookings and generating sales

4. Marketing Plan

4Ps: Product, Price, Place, Promotion

Product: Optiko LTD is an independent optician who has will offer sight tests and prescribing services for glasses and contact lenses. The sight testing and eye treatment will include standard eye sights and will be available for NHS patients also, enhanced sight tests for customers who want a more complex testing for example retinal photography to monitor the health of the back of the eye, examination and assessment prior to referring patients for laser surgery. The customers will be able to choose from a large range of frames which includes fashionable brand names. Will sell off the shelf accessories for glasses such as cases, eye drops, lens cleansers, but also sunglasses, cosmetic and fashion eye-wear, magnifiers, binoculars.

Price: The NHS patients will benefit of free services, such as free sight tests and spectacles for children or partially paid by NHS like free sight tests for over 60s. Customers prices will vary for

different tests and for different spectacle choices. Contact lenses would be offered with prescription, but also will be available a monthly plan for customers to subscribe. For frames, sunglasses and accessories it will practice retail prices (Rangewell, 2023).

Place: The store will be located in London in Westfield Stratford which is very important as it is a premium location which is very accessible for the customers. The operations includes eyesight tests and dispensing prescriptions. It will collaborate with the NHS England Regional Team to offer free NHS test for customers who are qualifying.

Promotion: The optician will practice introductory offers for frames, buy one and get second pair half price, free sight test with spectacles purchase. Promotional fliers will be distributed at the entrance of the shopping mall and at the underground station. The business will have own Facebook and Instagram account to promote the business and communicate with customers. Also it will have a business website for advertising the products and services and for customers to find out more information about the service provision (Startupdonut, 2023).

5. Financial plan

An independent optician will have start up costs related to specialised equipment and convenient premises and the investment needs to ensure that the business will be able to compete with other established brand and offer same quality of services. It will need to ensure that the layout of the store is welcoming and offers attractive products such as diverse range of frames, smart mirrors and for that purpose it will be contracted a company specialised in fitting opticians who practice finance plans (Abdou, 2019). It will be required an IT system for bookings and data collection and prescribing which can be very expensive. Another cost will be of the initial stock and staff wages for early weeks. The premise will be the grab a large part of the investment as Westfield can be an expensive place to rent, but it can provide premium location (Westfield, 2023). Having good equipment for the consulting rooms comes at a price and it constitute a major expense and it is intended to spread the cost with plans put in place from suppliers (Kwipped, 2023). The estimation start up cost for Optic LTD is £150000. The high cost of investment is intended to be lent from a lender willing to support this start up venture. Table A bellow illustrated forecasted financial costs for the business start up.

Table A Optiko LTD forecasting financial data

Optiko LTD	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Estimated sales	£40000	£40000	£60000	£60000	£70000	£70000
<u>Fixed costs</u>						
Premise cost	£20000	£20000	£20000	£20000	£20000	£20000
Staff wages	£13000	£13000	£13000	£13000	£13000	£13000
Equipment cost (renting)	£2000	£2000	£2000	£2000	£2000	£2000
Lenders cost	£2000	£2000	£2000	£2000	£2000	£2000
<u>Variable costs</u>						
Admin cost (utilities, marketing)	£1500	£2000	£2500	£3000	£3500	£3500

6. Market research

According to Ibis (2022) the market is expected to grow, especially as a result of restrictions during the pandemic and the delays of testing for customers, but also because society has become more health conscious. The continuous development of new technologies and clinical research will always create new opportunities and as an optician is very important to keep up to date with the progress and take advantage of the opportunities to increase business or to ensure highest standards and quality with latest trends. Optical medicine has continued to develop and the sector has continued to grow. In the United Kingdom about two thirds of adults wear glasses or contact lenses or even both and the market has continued to grow. The market splits roughly between spectacles and contact lenses at about 86% and ophthalmic services (such as sight tests) 14%. The demand for optical goods and sight test services is positive and it can be considered a stable market.

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