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*by* Rodica Cirlan

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BA (Honours) Business Management

Entrepreneurship (LCBB5001)

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Assignment Title: Written Report/Business Plan

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<sup>5</sup>  
“You’ve got to be careful if you don’t know where you are going because you might not get there.”

Yogi Berra

(McKeeever, 2019).

<sup>1</sup>  
**1. Overview of the business idea, product/s and/or service/s.**

This quote highlights <sup>the</sup> importance of an effective business plan for entrepreneurs as it sets the goals and strategies that ensure a smoother business running and its growth.

After researching the market and analysing my lifestyle and interests I decided to start selling on Amazon. I intend to start as an individual seller because this is recommended by Amazon for start-uppers, and to sell beauty products for women. Therefore, I will be a sole trader initially, then with the sales increase open a Limited Company.

First, I will research the market by checking other Amazon sellers who sell the same or similar beauty products, find out the competitors, analyse Amazon’s terms and conditions and then find a wholesale supplier for the products I plan to sell.

The name of the shop will be “Nurture Beauty Boutique” and it will consist of products such as lip balms, lash and eyebrow serums, face masks, real silk bonnets and foot peel masks, with more added later. The aim of my shop will be to nurture natural beauty with affordable and high-quality products.

In the beginning, I will be the owner, the manager, and the administration person, therefore the one who takes care of almost every aspect of the business related to its operations and sales, and use outsourced <sup>5</sup> companies to set up a website, advertise the products and pay an accountant by <sup>the end of the tax year</sup> to report <sup>the</sup> finances (Perkins, 2019).

<sup>The</sup> business will be fully based online with no physical location and initially, the products will be stored in my house, however, after six months of trading, if the sales

are consistent, I would like to use Amazon fulfilment centres to store and ship the items to the customers.

## 2. Legal format of the startup company

As mentioned in the overview, I will be a sole trader initially which means after paying tax on the business's profits, they can be retained. As well as I will be personally liable for any losses incurred by the business and must also adhere to regulations regarding the operation and naming of the business. To become a sole trader, HMRC must be informed that taxes are paid via Self Assessment and an Annual Tax Return must be submitted.

The responsibilities of the sole trader are to keep business records and expense records, yearly filing of a Self Assessment tax return, payment of Income Tax and Class 2 and Class 4 National Insurance. If the revenue exceeds £85,000, it is mandatory to register for VAT. if it is advantageous for the business, voluntary registration could be done, such as selling to other VAT-registered businesses and needing to recoup the VAT.

Commerce can be conducted under a personal identity or select a different name and it is not required to register the name. Official documents such as invoices and letters, must include name and, if applicable, business name. The name does not have to be offensive or contain words such as 'limited', 'Ltd', 'limited liability partnership', 'LLP', 'public limited company or 'plc' and refer to government or authorities. If a name or logo is already registered as a trademark or in use, the owner may act in court against the entrepreneur (Gov.uk, 2023).

Therefore, before naming the company thorough research must be done to avoid legal actions.

Amazon offers two selling plans professional and individual and recommends an individual plan to people who are still deciding what to sell and sell less than 35 items a month. To apply for that identity proof is needed such as Passport or driving licence, personal details, residential address, phone number and a bank account where Amazon can send all the proceeds is needed. This package enables sellers to add

new products to the Amazon catalogue and increase sales with fulfilment Amazon. (Amazon, 2023).

**1**  
**3. Management of the company (Owner, employees and the requirements for external professional service/ experts).**

The management of the company will be the owner. Initially, the owner will set up an Amazon account and analyse terms and conditions, then after setting up a plan will start looking and negotiating with suppliers, therefore, generally the owner will do marketing and sales, as well as the operational side of the business. As well as the owner will keep a record of all sales, profit/loss, packaging, shipping costs and custom duty fees in an Excel spreadsheet. However, an accountant will be outsourced to file the annual tax return. As well as to create a website, and an IT company will be hired.

To boost sales, the business will require a digital marketing specialist consultation or even an online Amazon Sales course that could be purchased and studied by the owner.

Another essential service is the postage of the products; thus, the company must partner with one or more shipping companies which offer the most reliable and affordable service. For instance, with Royal Mail a business account can be set up if more than 20 parcels are sent a week, and have volume-related discounts (Royal Mail, 2023).

**1**  
**4. Explanation of the target market and the marketing strategies the company will adopt to reach their customers.**

Companies recognise that they cannot serve all market consumers, or at least not in the same approach. There are numerous consumers who are extensively dispersed and diverse in terms of their needs and purchasing preferences. In addition, companies' capacities to serve distinct market segments vary considerably. Companies must determine which market segments they can serve most efficiently and profitably. They must design customer-centric marketing strategies and cultivate

relationships with the appropriate consumers. As a result, the majority of businesses have transitioned from mass marketing to target marketing, which involves identifying market segments, selecting one or more of them, and developing products and marketing programmes that are tailored to each segment. Market segmentation means dividing a market into distinct categories of consumers with distinct needs, characteristics, or behaviours, who may require distinct marketing strategies or combinations. Market targeting entails assessing the attractiveness of each market segment and determining one or more segments to reach (Kotler, 2020).

Therefore, the marketing strategy I will primarily adopt to reach the customers will be segmentation and targeting. Geographically I will serve women based in UK Mainland, demographically- women between the age of 18-65, with medium income, mainly educated who understand the need of looking after themselves to nurture and preserve their beauty in a few quick and simple steps. It will target women with a busy lifestyle with a determined personalities who can spend a few minutes a day on them and who like to take care of themselves.

The targeted customers like scrolling through social media websites, following beauty bloggers, watching their YouTube channels, checking Amazon deals of the day, listening to podcasts and reading magazines that are aimed at women. Most of them shop online to save time and use Amazon Prime to have next-day delivery and value a vast selection of products, convenience, reliability, availability, affordability, and good packaging. According to Office for National Statistics (2023) female population is predicted to grow, which could as well boost sales.

##### **5. Use of social media & Website to promote your company product/s and/or service/s.**

As the most effective promotions are online nowadays and it enables one to reach a vast number of customers social media accounts for businesses are essential. It assists in interacting with consumers and discovering what consumers believe about the company. Additionally, social media can be used for advertising and promotional giveaways. Social media can assist your company in attracting consumers, obtaining customer feedback, cultivating customer loyalty and increasing visibility. Therefore, I

will create an Instagram, Facebook and TikTok account to promote the products and communicate with customers, as according to Statista (2023) active usage penetration of social media in the UK is 84.4%.

As well as a website should be created as it works as an online business card and suggests that the company is reputable. The social media accounts and the website should be regularly updated and have content that attracts customers. A content manager may be needed to plan and write efficient content that appeals to buyers.

6. <sup>1</sup> **Evaluation of the business idea by using the SWOT analysis model.**

A **SWOT analysis** is a planning instrument **used to** understand **the** project's essential **strengths, weaknesses, opportunities, and threats**. It involves outlining the project's objective while determining <sup>2</sup> **the internal and external factors that are either** favourable or unfavourable **to** attaining **that** objective. **SWOT is frequently used as part of a strategic or planning process, but it can also be used to** gain a better understanding of a situation, as well as for decision-making in a variety of circumstances (CIPD, 2023).

| Strengths                                                                                                                                                                                                                                                                                                                                                                                                                                      | Weaknesses                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>✚ Access to millions of customers</li><li>✚ A vast selection of suppliers</li><li>✚ Possibility to earn a high margin</li><li>✚ Easily communicate with customers</li><li>✚ Ability to quickly check sales and calculate profit</li><li>✚ Low start-up cost</li><li>✚ The advantage of working remotely</li><li>✚ Can work around another job</li><li>✚ Can easily enter and exit the business</li></ul> | <ul style="list-style-type: none"><li>✚ High selling fees</li><li>✚ High competition</li><li>✚ Dependence on the suppliers</li><li>✚ High custom duty margins</li><li>✚ Missing the expertise</li><li>✚ High number of substitutes</li><li>✚ Heavy workload</li><li>✚ Difficult to find funding</li><li>✚ Large capital investment for higher profit</li><li>✚ Low degree of technological know-how</li></ul> |

| Opportunities                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Threats                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>✚ Access to the Global Marketplace</li> <li>✚ Possibility to add more products to the portfolio</li> <li>✚ Opportunity to advertise the business with Amazon</li> <li>✚ Expand distribution options</li> <li>✚ Possibility to sell differentiated products</li> <li>✚ Increased demand for the products</li> <li>✚ Change in market needs</li> <li>✚ Increase market share</li> <li>✚ Converting existing products for new markets.</li> </ul> | <ul style="list-style-type: none"> <li>✚ Another pandemic</li> <li>✚ Royal Mail strikes</li> <li>✚ The quick expiration date of the product</li> <li>✚ Negative media coverage</li> <li>✚ International political issues: war, embargo</li> <li>✚ Tax increase</li> <li>✚ Change in regulations</li> <li>✚ Change in trends</li> <li>✚ Increase in shipping prices.</li> </ul> |

## 7. A cash flow forecast for the first 12 months.

In the real world, there are numerous prospective sources of financing for small and medium-sized enterprises. Nevertheless, several of them have practical challenges that may limit their utility.

According to ACCA (2023), the possible funding is SME owner, family, and friends, the business angel, factoring and invoice discounting, trade credit, leasing, bank finance, the venture capitalist, listing, and supply chain financing (ACCA, 2023).

As well as there are various grants provided by the government, for instance, “Invest to Grow” are loans and grants to assist East Midlands private sector enterprises in innovating, expanding, and creating employment and offer grants and loans of between £15,000 and £250,000.

I consider that the best source of funding for my business is family and friends. As their motivation to invest is not solely monetary, <sup>24</sup> these investors may be prepared to tolerate a lower rate of return than many other investors. The primary limitation is that for the majority of us, our ability to raise personal and family funds is constrained (ACCA, 2023). Another source could be bank financings, such as NatWest for example, which offers SMEs loans with fixed interest rates and can borrow between £1,000 and £50,000, however, the downside of that is that they may require security or guarantees (NatWest, 2023).

<sup>1</sup> **Costs and sale figures for your startup for the next 12 months**

| Description of cost/sale figures                                              | Months                  |         |          |          |         |          |        |         |         |         |       |        |
|-------------------------------------------------------------------------------|-------------------------|---------|----------|----------|---------|----------|--------|---------|---------|---------|-------|--------|
|                                                                               | <sup>23</sup> September | October | November | December | January | February | March  | April   | May     | June    | July  | August |
| Cash in                                                                       | £15000                  |         |          |          |         |          |        |         |         |         |       |        |
| Sale figures (£)                                                              | £780                    | £780    | £780     | £900     | £900    | £1200    | £1200  | £1560   | £1560   | £1872   | £2124 | £2340  |
| Units sold                                                                    | 130                     | 130     | 130      | 150      | 150     | 200      | 200    | 260     | 260     | 312     | 354   | 390    |
| The stock of products (lip balms)                                             | £249.6                  | £249.6  | £ 249.6  | £288     | £288    | £384     | £384   | £500    | £500    | £600    | £680  | £750   |
| Shipping from the supplier                                                    | £50                     | £50     | £50      | £50      | £50     | £60      | £60    | £80     | £80     | £80     | £80   | £80    |
| Amazon selling fee (0,75 p per item)                                          | £97.5                   | £97.5   | £97.5    | £112.5   | £112.5  | £150     | £150   | £195    | £195    | £234    | £265  | £292   |
| Amazon Referral Fee <sup>19</sup> (8.16% for products with a total sale price | £63.6                   | £63.6   | £63.6    | £73.44   | £73.44  | £97.92   | £97.92 | £127.29 | £127.29 | £152.75 | £173  | £190   |

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|                                                                                                         |           |          |          |           |           |           |           |           |        |         |      |      |
|---------------------------------------------------------------------------------------------------------|-----------|----------|----------|-----------|-----------|-----------|-----------|-----------|--------|---------|------|------|
| up to<br>£10.00<br>• 15.3% for<br>products<br>with a total<br>sales price<br>greater<br>than<br>£10.00) |           |          |          |           |           |           |           |           |        |         |      |      |
| Payment<br>of the<br>Instagram<br>influencer                                                            |           |          | £300     |           |           | £500      |           |           |        |         |      |      |
| Website<br>creation                                                                                     | £1000     |          |          |           |           |           |           |           |        |         |      |      |
| Accountant<br>fee                                                                                       |           |          |          |           |           |           |           | £100      |        |         |      |      |
| Director's<br>salary                                                                                    | £700      | £700     | £700     | £700      | £700      | £700      | £700      | £700      | £700   | £700    | £700 | £700 |
| Income per<br>month                                                                                     | £15,669.3 | (£380.7) | (£680.7) | (£323.94) | (£323.94) | (£691.92) | (£191.92) | (£142.29) | £67.71 | £105.25 | £226 | £328 |
| Total<br>income per<br>year                                                                             | £13660.85 |          |          |           |           |           |           |           |        |         |      |      |

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