

Part 1: Business Plan for BOUTIQUE BOOKS

EXECUTIVE SUMMARY

Mission: Our business exists to provide a product that caters to the needs of our school and wider community, representing and demonstrating the values of ABC High School while being completely unique as a product.

Objectives: We want to achieve the following: 1) to produce a product that we as a team are proud of; 2) to provide a product that meets the needs of school students; 3) to work co-operatively as a team; 4) to make a profit of \$45 each

Highlights of our business plan:

- Our product design and its relevance
- Our aim for our product and its use in society
- Our target market is school students
- Our product matches and aligns with core values of our school and its staff for students attending ABC High School
- Our research shows that there is demand for this product as well as a need
- Our research shows the selling price for our product is affordable for our target market
- We are able to produce our product cheaper than our competitors
- We have significant support from the art department, local businesses and our families for our business idea
- The art department is keen to help provide designs for possible prototypes in our product development scheme
- Local businesses such as the sewing shop and op shops have been generous donating fabrics and other raw materials for use in our production line
- A retired seamstress has agreed to overlook and guide the sewing of textile covers to ensure high quality
- Our parents have helped with funding start-up costs at a 0% interest rate
- We have been given sewing machines from the likes of the retirement village and op shops to aid production
- Our financial analysis shows that a profit of \$45 each is achievable
- Our cash flow analysis shows that we will have enough start-up funds to run our business
- We have prepared systems and procedures in place to effectively manage quality control, cash handling, health and safety issues and the overall running of our business
- As a team we are enthusiastic, passionate and motivated about our business idea and are committed to being successful

[Introduction not shown]

MARKET RESEARCH

As a business, Boutique Books undertook market research to determine whether or not our product of personalised removable book covers would be successful or not.

[Secondary research not shown]

Primary research - One of our objectives in doing this research was to find out whether the students in our school would happily buy our product and whether they could be bothered going through the design element of our product. A second objective was to gather the thoughts of our target market on our proposed product. Our final objective was to find out what price our target market would be willing to pay and consider an affordable price for our product. We decided to survey 30 students from each year level at ABC High School, giving us a total of 210 students which we felt was a large enough sample of the student population to give us reliable results. We also surveyed a total of 15 randomly selected staff.

[Survey process, questionnaire samples, graphs of results not shown]

[SWOT Analysis not shown]

MARKETING MIX

- Product

We are producing personalised removable book covers in various shapes and sizes that will fit our school textbooks, workbooks, diaries and teachers' journals, planners etc. We aim to see these bring a sense of pride in our books and carry some sort of significant meaning and purpose with its owner. Our covers will include a plastic covering and a plastic wallet to enclose the book cover in for maximum use and protection. The idea is that the customer will be able to do a 'pick n mix' scheme and design the book cover to their taste from scratch, so that it is unique to them. These book covers will be of high quality, with our sewing being overseen by a professional ex-seamstress, and will all be unique depending on what the customer wants on their cover. The colour scheme that was chosen for our logo was blue and silver as a result of a landslide vote from our market research. It appealed to both genders. We will package our completed covers in a plastic sleeve. As a new product, our covers are at the introduction stage of the product life cycle.
- Price

The fixed price of our book cover is \$4.00 per unit, no matter the size or the amount of detail in the design. Our market research revealed that in order to fit with our target market our product needed to be priced in the range \$3.00-\$5.00.

An analysis of a competitor showed that our product would be very affordable compared to their products for the amount of work being done per unit. Their designs have a retail price of \$7.00-\$8.50 each (www.warehousestationery.co.nz). We are able to produce our product for such an affordable and good price because of the amount of generous donations we are getting from local businesses and the community in general. This led to Boutique Books pricing strategy of undercutting our competitor's prices for a larger portion of the market, selling our units at such a price that it would be both affordable and appealing to our target market. Another pricing strategy the Boutique Books team used was cost pricing. We calculated the cost of producing the product to be \$1.00 and added \$1.00 for each team member's profit, to give a selling price of \$4.00 per unit.

[Promotion section not shown]

FINANCE

Sources of finance:

Each team member has contributed \$20 capital which has been banked. This will be used for any costs associated with starting the business and will cover the costs of materials needed for promotion. The fabric itself was all a donation, decreasing raw materials expenses. However, the embellishments did cost, and we had printing and graphics costs. As a team we have decided to give a koha to Mrs M the seamstress for her time and commitment to our business.

Break-even analysis:

In order to break even our total income must cover our total expenses in order to start generating profit. As we have budgeted \$60.00 for our total cost of raw materials, we intend to spend this as follows: embellishments \$25.00, printing \$15.00 and gifts \$20.00. The selling price for our product is \$4.00. Therefore to break even we need to sell 15 book covers.

Because we are a business reliant on pre-orders we need 15 pre-orders before Market Day to start making profit immediately. If we sell 15 units before Market Day then any pre-paid orders will already be profit as the cost of our expenses would have already been covered.

[People and Operations sections not shown]

Part 2: Review

Our mission was to produce a product unique to the market that would successfully sell at Market Day. We completed our mission. Our product was unique in the sense that no other stall offered any sort of covering for exercise books.

Objectives – We found that many people would benefit from our product because they needed a way to protect their books from the rough and tumble of their bags. Our profit exceeded our profit objective, \$152 compared to the \$135 we planned. We were really pleased to sell 53 book covers. ①

Most of the time, we operated well as a team. A few times we disagreed on something and it took one person to take action to resolve the problem.

Things that worked well within the business:

- The customer service – all members of our group were friendly to customers and were able to answer questions. This helped our business at Market Day because it made the team seem more professional.
- The stall – the stall was large and well decorated so it drew attention to us. The problem with the stall was its position behind a row of other stalls which meant people had to find a way around the other stalls to get to us. To overcome this problem we stuck giant arrows on the floor directing potential customers towards our stall. This worked well because it made the people curious so they followed the arrows. ②
- Quality – we controlled the quality of our covers by getting each member of the group to check them as they were sewn. This ensured there were no loose stitches or any other flaws in the cover. We believe this helped because we received no customer complaints about bad quality products.

Things that didn't work so well:

- The price was not clearly visible on the stall. This caused some confusion for some of the younger customers. Timing – our stall was not completely prepared until a few minutes after the start of Market Day. It was a problem because it meant that we had not been available to the first potential customers. When we were planning our operations we underestimated how long it would take to make the covers and how long it would take to set up the stall. ③