

Spiral



Spiral

Enterprises Business Plan

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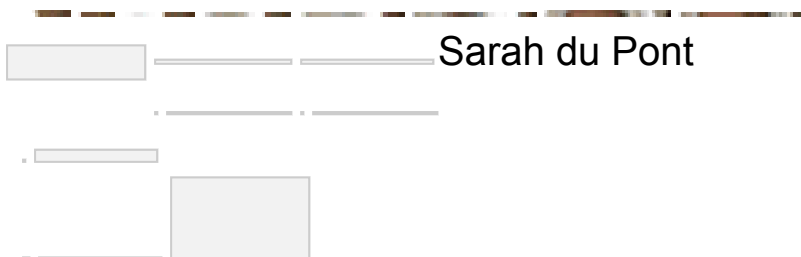
Spiral Enterprises is....



Petar Strokovic



Nick Banta



Denise Laramy

Our Mission

Our business exists to provide a product that has meaning and value for students in our school and represents the culture and values of our school community.

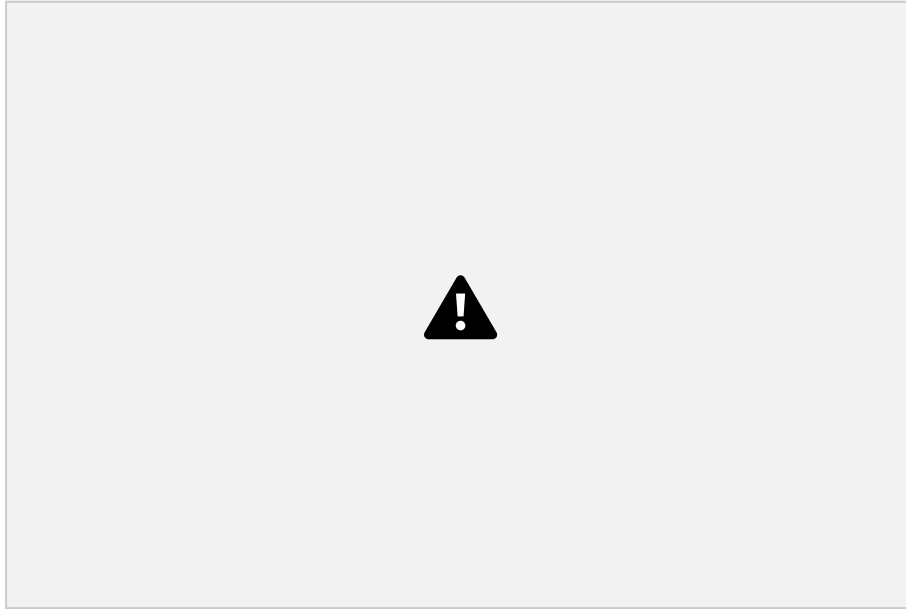
Our Objectives

We want to achieve the following:

- To produce a product that we are proud of.
- To produce a high quality product.
- To learn how to run a business.
- To make a profit of \$1,000.

Highlights of our Business Plan

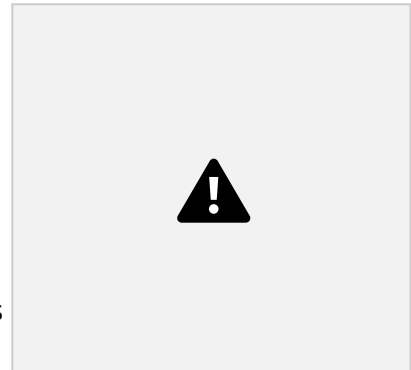
- Our product is hand-blown glass statuettes of traditional Maori designs. • Our aim is for our product to be used as awards for high achievement / contribution. • Our target market is the decision-makers in our school community. • Our product matches our school philosophy and values.
- Our research shows that there is a strong need for our product.
- Our research shows the selling price for our product is affordable for our target market.
- We are able to produce our product cheaper than competitors.
- We have significant community support for our idea.
 - A business owner is willing to let us use his premises.
 - A mentor is willing to help us run the business and make the products.
 - An professional glass-blower is willing to help us make the products. ○
A business owner is willing to let us pay on credit.
- Our financial analysis shows that a profit of \$1,000 is achievable.
- Our cash flow analysis shows that we will have enough cash to run our business.
- We have systems and procedures in place to manage quality control, cash handling, health and safety issues, and the running of our business.
- We are a team enthusiastic about our idea and committed to being successful.



The product we are selling is hand-blown glass statuettes of traditional Maori designs. These include two spiral koru designs and one fish hook design. Each statuette will be mounted on a small glass stand and will be packaged in a small box. A tag explaining the significance of each design will be attached to the statuette.

For example, *Spiral – Koru; the koru is the Maori name given to the new unfurling fern frond and symbolises new life, growth, strength and peace.*

Our product will be successful as the koru is an important part of our school logo. Our logo shows three ferns that form a connected circle. The ferns shelter and protect the people in the middle. The three ferns stand for the key ideas of growth, strength and peace which govern the behaviour of everyone in our school. These three words also form our school motto. In producing hand-blown glass statuettes we are connecting with our school culture.



The target market for our product is the staff members in our school who are involved in handing out awards for outstanding student achievement or contribution. These staff members include our House Deans, International Student Dean, Sports Coaches, Heads of Faculty, Deputy Principals and Principal. These staff members currently give out certificates, book vouchers, DVD vouchers and trophies to students but as yet have not given out any awards that reflect our school culture as shown in our school's logo and motto.

Marketing

We undertook significant market research to determine whether our product would be

successful. The first research we identified was research that already existed.

Secondary Research

A report was published in our community newspaper concerning the awards that local schools were giving to students. It examined the awards that were given and interviewed a range of students from different schools about how they felt about the awards. One of the major findings of the article was that “all students interviewed stated that they would prefer more meaningful awards” and the author concluded that “schools needed to look beyond the superficial commercialisation of awards and try and give awards more meaning and lifelong value”.

Source: Article entitled “Are awards teaching the right message?” by Sylvia Rimmer, in the Bayview Courier published on Wednesday 24 February 2010.

Primary Research

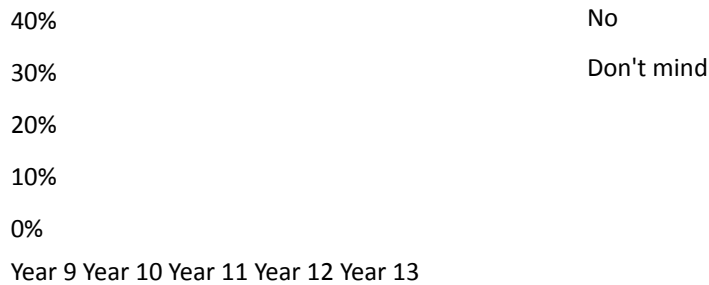
We also conducted our own market research. One of our objectives in doing this research was to find out whether the students in our school were satisfied with the current award system or whether they wanted something more meaningful. A second objective was to get the opinion of students and staff members on our proposed product. And our third objective was to find out what staff would consider an affordable price for our product.

We decided to survey 40 students from each year level. This gave us a survey total of 200 students which we felt was a large enough sample of the student population to yield very reliable results. We needed a large sample in order to help us convince the decision makers of our school that a change was needed. We also surveyed 20 staff members.

We wrote two different questionnaires, one to survey students and a different one to survey staff. We printed out one copy of each survey to give to each team member. The team member would then collate responses. We believed that this method would give us more reliable results than just handing out survey sheets to be handed in to us later. We also wanted to show samples of our product idea when we completed the surveys and therefore needed to keep control of the surveys.

Each team member was given the task of interviewing 10 students from each year level and also 5 staff members. This was mostly achieved through surveying two tutor groups each.

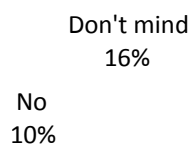
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<u>Highlights of our Market Research</u>	80%
	70%
Are you satisfied with the current award system?	60%
	50%



Yes

This question revealed some very interesting results. There was a very clear difference between junior students and senior students over their satisfaction with the current award system. Junior students were satisfied with book and DVD vouchers but senior students were increasingly dissatisfied with these awards. As well as recording year levels we also recorded the gender of the students and discovered that girls in general were slightly more dissatisfied with the current award system than boys, although the difference was not enough to be a clear trend.

Would you like to receive a Koru statuette as an award



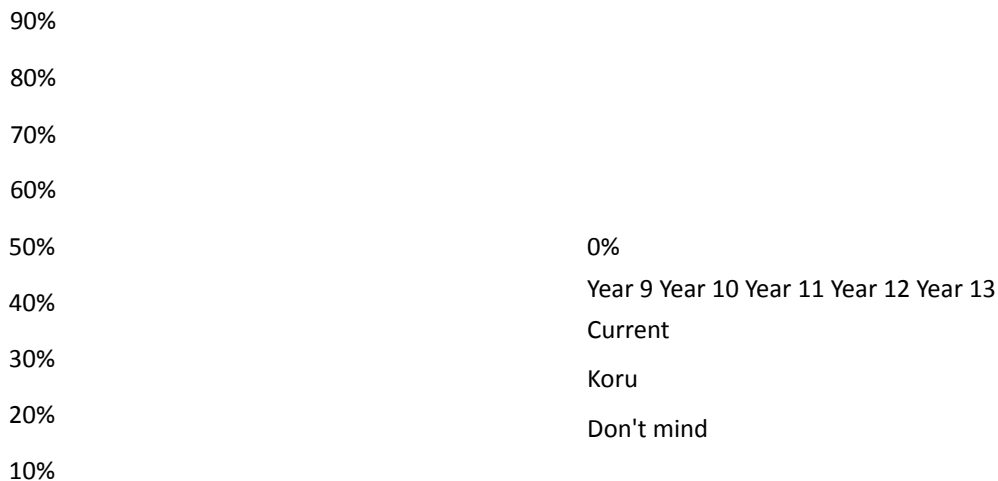
74%

We showed students a sample of our product and then asked them if they would like to receive one as an award. Of the 200 students we surveyed 74% answered yes while only 10% said no. It is interesting to note that the students that said no were made up entirely of Year 9 and 10 students.

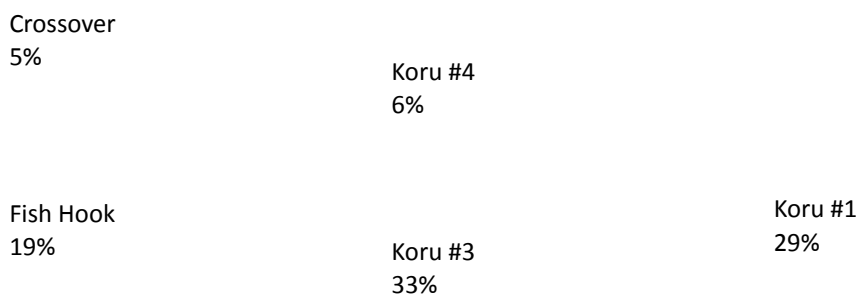
Yes

After showing our sample we wanted to know the preference for awards if students had a choice between the current awards and our product. The results reflected the dissatisfaction uncovered in our initial question, with senior students, in particular, showing a preference for our product over current awards. The most common reasons given for this preference was that it was “more meaningful” and that “I would value it more”. Many students also commented that it would provide a lifelong link with their school days.

Award preference per Year Level



Favourite design - students We showed students six possible



Koru #2
8%

designs that we could make and we asked them to choose their favourite one.

We also asked staff the same which represents strength question. Staff and students selected the same three favourite designs although the staff rated the Fish Hook design as their most favourite. The staff particularly liked the meaning of the Fish Hook, and determination and brings peace, prosperity and good health. The staff thought it would be a very appropriate award to give to Year 13 students who would be leaving school.

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Finally we asked each of the teachers we surveyed about what would be an affordable price for the Koru statuettes. Nearly all staff members said that they couldn't be more expensive than the current award system and therefore needed to be in the range of \$15 - \$18 each.

Market Research Evaluation

Our market research provided us with a lot of valuable information. We believe we achieved all of our objectives and are able to confidently assert that the school community, especially senior students, would like to see our school adopt more meaningful and valuable awards. As a result of this research we are refining our product to be a senior student award.

One unexpected result of our market research was an order placed by the Dean of our International Students. She liked our product so much that she wanted to give one of our designs to each International Student when they leave our school. She liked the Fish Hook design as its meaning also includes safe journey over water. This meaning was very relevant for our International Students who will travel over water on their way home.

SWOT analysis

After we completed our market research we then did an analysis of the strengths and weaknesses, opportunities and threats of our product idea.

Strengths	Weaknesses
<ul style="list-style-type: none"> • We are a motivated team. • Our product reflects school culture. • We have confirmed that a need for our product exists. • We have a family member who can help us with producing the designs. 	<ul style="list-style-type: none"> • We have never been in business before. • We have never made hand-blown glass statuettes. • We may waste time, material and money when making our designs.
Opportunities	Threats

<ul style="list-style-type: none"> • To make a product that we are really proud of. • To learn a new skill. • To learn how to run a business. • To make a large profit. 	<ul style="list-style-type: none"> • We may run out of time. • The products we make may have design flaws if we don't make them properly. <ul style="list-style-type: none"> • Our school may be able to get similar products from a different supplier. • The Principal may say no.
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The Marketing Mix

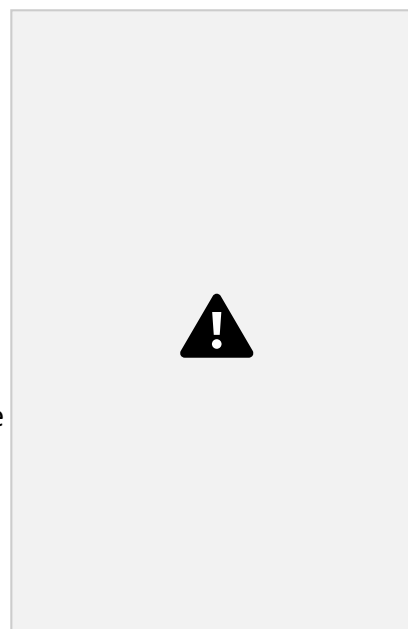
Product

We are producing three different hand-blown glass statuettes (30 – 40 cm in height) of traditional Maori designs that we aim to see used as awards for student achievement and contribution in our school. These will include two Koru designs and one Fish Hook design. These designs were chosen after our market research revealed that these were the most popular designs with the students and teachers at our school.

These statuettes will be of high quality and each one will be hand-blown, meaning that each one will be unique. The colours used in all the designs are the school colours of green and blue as featured on our school emblem and use in our school uniform.

The designs used link strongly with our school emblem and motto. At the heart of both of these is the Koru, which stands for growth, strength and peace. The Fish Hook, while not a Koru design, also has a strong link with our school. This is especially relevant for the many students who have come from overseas to study or live in New Zealand.

Each statuette we produce will also have a tag attached which explains the significance of the design. On the reverse side of this tag will be the school emblem and motto. Our product will be packaged in a professional way using small black boxes with a see-through lid. The professional look will be enhanced through the use of soft white material as backing for the statuettes. The school emblem and motto will be featured on the reverse side of the box.



Price

The price of each statuette is \$16. Our market research revealed that the price needed to be in the range of \$15 - \$18, which reflects the price paid for the current range of awards.

An analysis of a competitor revealed that our product would be very affordable compared to their products.

Their designs (shown to the right) have a retail price of

\$55.95 each (www.SilverFerns.com). We are able to produce our product for such a good price because of

the support we are receiving from the local community.



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Promotion

We have a very specific target market which is the decision makers and leaders of our school community. As our school has a hierarchy of leadership the first people we need to promote our product idea to is the Principal and the Deputy Principals. We need to convince them of the need for our product and then satisfy them as to the quality that we can deliver. We will achieve this by requesting an appointment with the Principal and Deputy Principals where we can present our research, ideas and product to them.

This presentation will be made one week before the schools official Market Day. We will put the key information from our business plan into a PowerPoint presentation and also display two samples of each one of our three designs. Our mentor will also be present to answer any technical questions that might be asked. We would then invite our Principal to give us feedback and to make a decision about whether our product would be acceptable as an award to give to senior students, particularly those in Year 12 and 13.

After we have promoted our idea to the school leaders we will then promote our ideas to other decision-makers in our school. This will include student leaders as well as House Deans, Heads of Faculty, Sports Coaches and other teachers with co-curricular responsibility. To achieve this we will ask permission to use a classroom during Market Day where we will set up our PowerPoint presentation and display the samples of our product. We will then give written invitations to the decision-makers in our school to visit us in the classroom and listen to our presentation.

We will then invite the decision-makers in our school to place orders for our product.

Place

We will be promoting our products at school during school hours as described above. Our products will be manufactured at a local glass-blowing factory that is currently making hand-blown glass figurines for the tourist market.

The grandfather of one of our team members used to own the factory before he retired. He has agreed to act as our mentor and has negotiated with the current factory owner to use the factory. We as a team met with the owner and talked to him about our ideas. He was very supportive and agreed to allow us to use his factory on weekends as long as we were supervised by two professional glass-blowers. One of the workers in the factory is a past pupil of our school and she agreed to help out. These two adults will supervise production and will do some of the more difficult and risky tasks themselves.

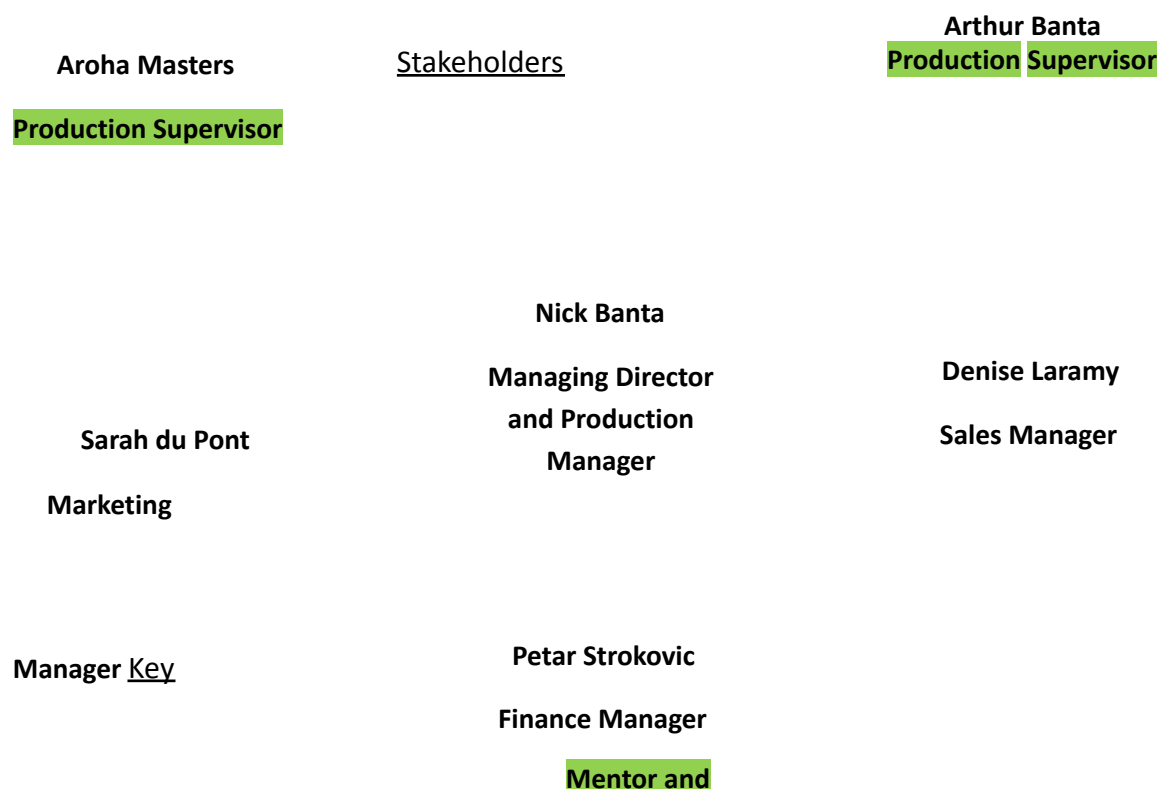
One of our team members already has some experience at glass-blowing and will help produce the products. The other three members will assist where they can and also complete the simpler tasks such as preparation, labels and packaging and cleaning up.

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People

Organisational Chart

Our organisational chart includes our four team members, our mentor and the professional glass-blower who has offered to help us produce our products.



In addition to the people identified in our organisational chart we also have the following

key stakeholders

- *Ray Burton*. Owner of the glass-blowing factory. He is letting us use his factory to produce the products and is also allowing us to use all materials that we need on standard terms of credit, we pay for them on the 20th of the month following the month we use them. This includes the materials we will use for packaging.
- *Students and staff at our school*. We are making a product that adds meaning and value to the awards we give out at school to senior students. We want to ensure that our product matches the culture, values and ethos of our school.

Methods of Communication

- *Internal*. We will communicate by text message and email with team members and production supervisors. We will also communicate through face to face meetings.
- *External*. We have set up a email address, spiral@gmail.com, and will communicate with our supplier and customers through this address. We will also use school communication systems to communicate with key decision-makers.

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Finance

Sources of Finance

Each team member has contributed \$20 which has been banked into a bank account that our Mentor has help set up for us. This money will be used for any costs associated with starting the business and for any materials needed for promotion. The owner of the factory is letting us pay on credit for all materials used in production which means we don't need to pay for any production costs up front. Our two production supervisors have just asked for a Koha for their time, which they are happy to receive after we have sold our product.

Break-even Analysis

In order to break-even our total income must cover our total expenses. The owner of the factory has advised us that the cost of making our products, including all materials required, is \$7.25 per unit. This does not include any labour cost.

Our aim is to have 6 samples of our product available to show the Principal and Deputy Principals at our presentation to them. These would also be used to show other decision-makers in our school on Market Day. Our mentor has advised us that we will need to produce 9 samples of our product, as we may make mistakes in the design due to our inexperience. He said that we will learn from these mistakes and will not repeat them in the future. (NB: These samples are in addition to the 6 designs we made for market research).

As we will only start on a future production run of statuettes after receiving orders from school leaders we will calculate break-even based on the production of our samples only.

In addition to the materials cost we will pay a Koha of \$15 to our Mentor (based on \$1 per statuette) and \$30 (based on \$2 per statuette) to our Production Supervisor.

The total costs involved in producing all of our 15 samples are as follows...

Materials and packaging cost 15 * \$7.25 = \$ 108.75
 Koha paid to Mentor and supervisor 45.00
 Promotional costs (estimated) 30.00

Total Cost \$ 183.75

The selling price for our product is \$16.00. Therefore to breakeven we need to sell 12 statuettes. Total cost \$183.75 divided by \$16 equals 11.48. Our breakeven point is **12 units**.

* We have received an order for 50 Fish Hook designs from the Dean of International students but will not proceed with production until we get the go ahead from the Principal.

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Income and Expenditure analysis

used in our market research.

	Week 1	Week 2	Total
Income			
Sales (units)	0	0	
Sales (\$)	0		
Total income	0		\$ 4,000.00
Expenses			
Production (units)	6	9	
Production (\$)	\$ 43.50	\$ 65.25	
Koha (\$)	\$ 18.00	\$ 27.00	
Promotional costs	\$ 10.00	\$ 10.00	
Contingency			
Total expenses	\$ 71.50	\$ 102.25	
Profit (loss)	(\$ 71.50)	(\$ 102.25)	\$ 2,996.25
			\$1,003.75

Notes

- In week 1 we produced the 6 samples we
 - In week 2 we will make 3 more samples of the 3 designs favoured by students and staff at our school.

- In week 3 we will meet with the Principal and Deputy Principals. • In week 4 we will participate in Market Day using a classroom as our stall.
- In order to meet our objective of making a \$1,000 profit we have to sell 250 statuettes to our school at \$16 per unit (not including our samples).
- We believe that we will get orders for 250 units (we already have an order for 50).
- If the Principal of our school does not support our idea and we are unable to sell our product to school we will be left with a loss of \$183.75.
- In terms of cash, the only items we have to pay for up front are the promotional costs in doing the research and presenting our idea. These costs will be met out of the \$80 that team members already contributed. If we are not allowed to go ahead with our product as a school award we will have a cash shortfall of \$103.75 (\$80 - \$183.75). We would meet this cash shortfall by selling the 15 samples of our product at Market Day to individual students and / or teachers. We would try and sell these for \$16 each but would be willing to consider lowering the price to \$14 or \$12 if sales were slow. This would give us a cash surplus and a small profit.

Operations

Suppliers

We will be getting all the materials we need from Ray Burton, the owner of the glass-blowing factory we will be using to produce our products. Mr Burton produces similar products for the tourist market and is allowing us to pay for the materials we use on standard terms of credit.

Business Organisation

- *Production.* We will be supervised and assisted by two professional glass-blowers; Arthur Banta and Aroha Masters. These two adults will take responsibility for the organisation and operation of equipment and team members will only do tasks that have allocated to them by the adult supervisors. At all times everyone in the factory will be aware of the health and safety issues involved, including the wearing of safety equipment, and any team member failing to follow health and safety procedures will be required to leave the factory.
- *Cash Handling.* Our mentor has helped us set up a bank account for the business. We have banked the initial contribution from each team member in this account and the Finance Manager will withdraw money from this account when it is needed; we have agreed that two team members must sign the withdrawal slip. We have registered the account for internet banking and will use on-line transfers for all other transactions. This includes payment to our supplier, payment of koha's, receipt of income from orders and distribution of profit to team members. Every transaction must have documentation that validates the payment or receipt of money.

- *Meetings.* Team meetings will be held regularly and a formal record of the decisions made by the team will be recorded. Team members given specific tasks to complete will be asked to report back on the progress they have made.
- *Records.* In addition to the records of formal meetings we will also keep records of our informal meetings, brainstorming sessions, production work and promotional work. We will keep any written work completed during this time and we will also keep a visual record. One of our team members will take responsibility for keeping a photo journal of our business activity which will include team meetings, production of the products in the factory, market research and promotional and selling activities. All team members will also keep a personal log of their involvement.
- *Evaluation.* Team members will use the records of team meetings, the personal logs, the photo journal and the experience of producing and selling a product to complete a review of our business activity. We will also ask our mentor to give us written feedback on how well we worked as a team and then use this written feedback in the review of our business.

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Acknowledgements

Spiral Enterprises would like to thank the following people for their encouragement, support and contribution. We would have been unable to complete our product idea without their involvement.

So special thanks to...

- Arthur Banta
- Aroha Masters
- Ray Burton

This Business Plan was written by Mark Snoad, HOD Commerce at Pakuranga College. It is intended as an exemplar for the Level 1 Business Studies Achievement Standard AS90842 v1 (AS 1.6); carry out and review a product-based business activity within a classroom context with direction.