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Business Planning Assignment

The Business Plan

Table of Contents

[Executive summary 4](#_Toc141275401)

[1. The business idea 4](#_Toc141275402)

[1.1 Business idea 4](#_Toc141275403)

[1.2 Aim & objectives 4](#_Toc141275404)

[2. Target market and customer related issues 5](#_Toc141275405)

[2.1 Target market and market segment 5](#_Toc141275406)

[2.1.1 Target market: 5](#_Toc141275407)

[2.1.2 Market segment: 5](#_Toc141275408)

[2.2 Customer related issues and relationship management 5](#_Toc141275409)

[3. The competition 6](#_Toc141275410)

[3.1 Competitive rivalry- 6](#_Toc141275411)

[3.2 Bargaining power of the consumers- 6](#_Toc141275412)

[3.3 Bargaining power of the suppliers- 6](#_Toc141275413)

[3.4 Threat from the new entrants- 6](#_Toc141275414)

[3.5 Threat from the substitute products- 7](#_Toc141275415)

[4. Marketing strategy 7](#_Toc141275416)

[4.1 Market research 7](#_Toc141275417)

[4.2 Marketing mix strategy 9](#_Toc141275418)

[4.3 Promotional strategy 10](#_Toc141275419)

[5. Resources 10](#_Toc141275420)

[5.1 Materialistic (tangible) resources 10](#_Toc141275421)

[5.2 Human resources and intangible resources 10](#_Toc141275422)

[5.3 Financial resources 11](#_Toc141275423)

[6. Financial issues, including forecasts 11](#_Toc141275424)

[6.1 Financial budget and projections 11](#_Toc141275425)

[6.2 Financial issues, assumptions and recommendations 15](#_Toc141275426)

[Conclusion 15](#_Toc141275427)

[Reference 17](#_Toc141275428)

[Appendix 18](#_Toc141275429)

[A1: Breakeven analysis breakdown 18](#_Toc141275430)

[A2: Pre-marketing activities costs 18](#_Toc141275431)

# Executive summary

In this business plan the discussion about a new business and launching of the same has been conducted. The new business idea has been discussed in details along with the aim and objectives of the business organisation in the short term, medium term and long term. The report has also been focused on different areas like- the target market and customer related issues and management of the same for the company, the comparative environment and advantage of the business, marketing strategy of the business, different types of resources and materials that will be needed by the company to launch and operate, the financial issues and planning including forecasting for the next 3 years of business. During the business plan it has been found that the intense competition and the growth in the market is increasing the number of competitors throughout the years which will put the business in a highly competitive market. But it has been estimated that the company will be able to success in managing the property in the business over the next years and the continuous growth of the business will achieve the aim and objective of the newly launched company which has been named as 'Blue Paradise'.

# 1. The business idea

## 1.1 Business idea

The business idea chosen is about a company that will focus on even planning with decoration including the overall arrangement of the same. The event planning business will be named as 'blue paradise'. The business will different types of event planning which will include starting from renting the venue to the completion of the event successfully. Arrangement of food and decoration of the event will also be planned and implemented by the company cell according to the need and choice of the client. The business will be located in north London, England, UK. The company will take charge again the services provided and will attend different types of events like wedding, birthday parties, celebrations, formal events, et cetera. The business organisation will use the sustainable product and services for organising on the events and will reduce the carbon footprint and minimise the use of plastic for successful completion of the events.

## 1.2 Aim & objectives

The aim of the business organisation 'blue paradise' is to grow the business and become one of the well name in the event planning industry and become an international player in the near future.

The objectives of the company are as follows-

* To extend the business at least in 8 to 10 neighbouring cities within next 5 years.
* To increase the profit margin of the business in a steady basis.
* To introduce the business in the international market in next 10 years.
* To become sustainable company by focusing the use of sustainable products and services.
* To reduce the carbon footprint and minimising the use of plastic.
* To maximize the consumer satisfaction.

# 2. Target market and customer related issues

## 2.1 Target market and market segment

### 2.1.1 Target market:

The target market for 'blue paradise' is the clients between the age group of 19 to 75. But, 'blue paradise' will confirm the consent of the parents in case of people of age group below 18. The business organisation will target the people who is winning to spend the minimum sum of money for the purpose of winning the services. Therefore, the people who has the middle to high level income will be targeted by the company.

### 2.1.2 Market segment:

In terms of geographic market segment the company will operate within the London for the starting of the business. With the time the company will start opening the business in different other neighbouring cities with the goal of becoming international business within next 10 years. The company will not have any particular democratic criteria exit for the company will not serve the minors with the consent of the parents. Also the company will not be involved in illegal activities and will not arrange the same regardless of the demand of the clients.

## 2.2 Customer related issues and relationship management

'Blue paradise' will focus on the relationship management and will ensure about the satisfaction and experience of the consumers as a first priority of the business. Therefore, the issues faced by the consumers will be put in the first priority to solve with earnest care. For the purpose of customer relationship management, the company will be actively involved by maintaining the communication and providing the solutions according to the need and requirement of clients (Gil-Gomez *et al*., 2020). 'Blue paradise' will also maintain the tracking of the consumers and the satisfaction level until the end of the event.

# 3. The competition

### 3.1 Competitive rivalry-

The competitiveness in the market is comparatively high due to the continuous increase in the number of business is in the market. The growth of industry is increasing the event planning industry of United Kingdom. Therefore, 'blue paradise' will be facing a high amount of competition in the market.

### 3.2 Bargaining power of the consumers-

The number of consumers in the industry is also growing due to the different benefits and service features that can be found. Also with the busy lifestyles and the increasing demand and creative ideas of the event planning and technology the number of consumers in the industry is increasing. But at the same time, the number of companies and players in the market is also increasing. Therefore, the bargaining power for the consumers to the business is increasing as well.

### 3.3 Bargaining power of the suppliers-

The bargaining power of the suppliers on the other hand, is comparatively reducing as the number of suppliers in the industry is increasing with the growth of the business and industry. As a result, it is evident that the number of suppliers available for the business organisations to create the supply chain is also increasing reducing the overall bargaining power of the suppliers.

### 3.4 Threat from the new entrants-

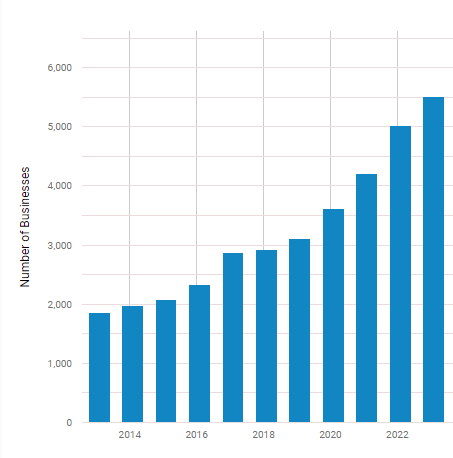
The number of new players in the market is also increasing as the competitiveness of the industry is increasing. Also due to the comparative small capital needed in the business and with the high amount of suppliers available in the market the possibility of success in the business is increasing in this industry for it has become easier for the new entrants to join the industry quickly with a potential low barrier in the market.

### 3.5 Threat from the substitute products-

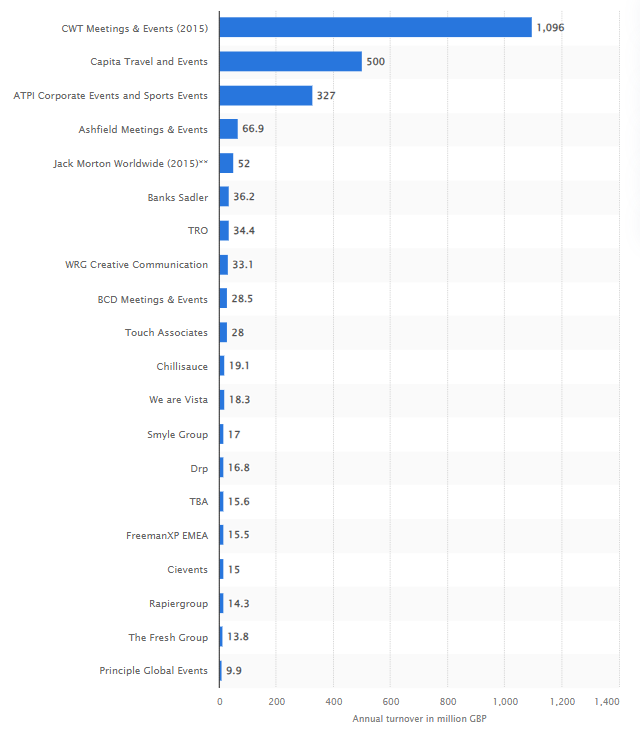
The substitute products in the event planning industry is the alternate options available in a different form of service. With the high number of competitors available in the market the possibility of substitute product and services is also high. Therefore, by managing the creativity and the balance between the quality and cost it is also possible to face a moderate trade from the substitute products and services.

# 4. Marketing strategy

## 4.1 Market research



*Figure 1: Party & Event Planners in the UK - Number of Businesses 2013 – 2023 [Source:* IBIS world, (2023)*]*



*Figure 2: Leading meeting and event agencies ranked by annual turnover in the United Kingdom (UK) in 2016/17 (in million GBP) [Source:* Statista, (2023)*]*

As it has been found about that the growth of the business is in the market is expected to be increasing over the next few years considering the market trend and the number of businesses. At the same time the high revenue of the business organisations in the market is another group that the industry is growing and the potential of this industry in future in the market of United Kingdom.

## 4.2 Marketing mix strategy

* *Product*- The product of the business will be served in the form of services. The company will provide services regarding arrangement of different event of the clients live according to the need and requirement.
* *Place*- The business will be taking place in London initially. Eventually the growth of the business will decide about the new branches of the company in different other neighbouring cities.
* *Price*- The business will focus on using the competitive pricing strategy for running the operations. This will help the business organisation in maintaining the competitive advantage in the highly competitive industry (Darmawan and Darmawan, 2021).
* *Promotion*- 'Blue Paradise' will use the 'Omni channel' marketing strategy as the business organisation has the goal of reaching towards as many people as possible. Not only it will help the business organisation in increasing the awareness and popularly in the market but will also help the company in identifying the customer base and potential leads for the business (Darmawan and Darmawan, 2021). During the period of launch will help the business organisation to provide a competitive advantage that will help the business in surviving in the competitive market. 'Blue paradise' will use both of the online and offline promotional strategy.
* *People*- The company where focus on employing the people who will focus on the customer satisfaction in take care of the employees by providing appropriate regulation and training and development opportunity to continue the growth not only of the business but also of the people involved in the business directly (Othman *et al*., 2020).
* *Physical evidence*- The physical evidence play of vital role in increasing the attractiveness of the business. Therefore, 'blue paradise' will maintain the formal and professional physical appearance for the clients to provide them comfortable air professional services (Othman *et al*., 2020). Not only in terms of decoration of office but also all of the approaches of the business throughout the journey will remain professional yet comfortable for the clients to indulge in.
* *Process*- The process of operation of the business will be monitor and controlled by the owner of the business organisation directly. The quality in the process will be the first priority to ensure the maximum customer satisfaction and experience (Dam and Dam, 2021).

## 4.3 Promotional strategy

* *Online promotional activities*- The online promotional activities of 'blue paradise' will focus on social media marketing, search engine optimization, paid collaboration with influencers, et cetera. It will reduce the cost of promotional activities as well as will increase the efficiency (Ferrell *et al*., 2021).
* *Offline promotional activities*- Among the offline promotional activities, 'blue paradise' will use different types of newspaper advertisement, leaflet and banner distribution, et cetera for increasing the view and awareness. It will also be used for the purpose of presenting the offers and the unique selling points of the services that will be given to the clients (Ferrell *et al*., 2021).

# 5. Resources

## 5.1 Materialistic (tangible) resources

The business organisation will require different types of tangible and materialistic resources for completion of the different types of projects in terms of even management. The business organisation will need a room as a supply store for storing the basic items for the company that will be used for different purposes of even management. The office where the business will be conducted is also need it to be rented by the owner (Harel *et al*., 2021). The realistic resources that can be arranged by using rentals according to the need and requirement of the events will be arranged by the company. Items for decorating will be brought by the company and will be used for even planning and management (Harel *et al*., 2021).

## 5.2 Human resources and intangible resources

The company will hire people with experience as well as freshers for full and part time work respectively. The full time salary employees of the company will consider the agent of the business and wheel take the charge of different events as different projects (Stone *et al*., 2020). The focus for hiring the employees will be the experience and the ability to generate the efficiency in maintaining the customer satisfaction (Stone *et al*., 2020). The skills and knowledge about the industry and what is needed to be private during the selection and recruitment. The company will also focus on providing the appropriate and management to the employees of the company. 'Blue paradise' will start the business with at least 5 to 6 full time employees and 7 to 8 part time workers.

## 5.3 Financial resources

The financial resources of the business will be managed by using both of the owned capital of the owner (equity capital) that is invested in the business and the debt capital (borrowed from friends and families and bank loan) to fulfil the requirement.

# 6. Financial issues, including forecasts

## 6.1 Financial budget and projections

|  |  |
| --- | --- |
| **START-UP COSTS PROJECTION** | |
| **Particulars** | **AMOUNT (in £)** |
| **Year 1** |
| Product & service development | 18200.00 |
| Pre-marketing activities costs | 10600.00 |
| Delivery & transportation assets | 5800.00 |
| Selection and recruitment | 75100.00 |
| Plant, Property & equipment | 22650.00 |
| Other fixed assets | 35400.00 |
| Set-up cost & legal process | 8870.00 |
| Miscellaneous | 23380.00 |
| **Total start-up cost** | **200000.00** |

|  |  |
| --- | --- |
| **SOURCES OF FINANCE** | |
| **Particulars** | **AMOUNT (in £)** |
| Owned capital | 50000.00 |
| Investment from friend and family | 50000.00 |
| Bank loan | 100000.00 |
| **Total** | **200000.00** |

|  |  |  |  |
| --- | --- | --- | --- |
| **PROFIT AND LOSS PROJECTION** | | | |
| **Particulars** | **AMOUNT (in £)** | | |
| **Year 1** | **Year 2** | **Year 3** |
| Projected sales | 126580.00 | 151896.00 | 189870.00 |
| Less: Cost of sales @ 48% of sales | 60758.40 | 72910.08 | 91137.60 |
| Gross profit | 65821.60 | 78985.92 | 98732.40 |
| Less: Operational costs | 37974.00 | 45568.80 | 56961.00 |
| Operational profit (EBIT) | 27847.60 | 33417.12 | 41771.40 |
| Less: Finance costs | 12000.00 | 13366.85 | 16708.56 |
| Net profit before tax (EBT) | 15847.60 | 20050.27 | 25062.84 |
| Taxation payment (20 % of EBT) | 3011.04 | 3809.55 | 4761.94 |
| **After tax profit (EAT)** | **12836.56** | **16240.72** | **20300.90** |

|  |  |  |  |
| --- | --- | --- | --- |
| **BALANCE SHEET PROJECTION** | | | |
| **Particulars** | **AMOUNT (in £)** | | |
| **Year 1** | **Year 2** | **Year 3** |
| ***Assets*** |  |  |  |
| Fixed assets |  |  |  |
| Machineries and equipment | 8450 | 11680 | 20440 |
| Delivery & transportation assets | 5800 | 6090 | 6395 |
| Furniture and decorations | 32450 | 30250 | 52938 |
| Sale of fixed assets | 6520 | 10540 | 14229 |
| ***Total fixed assets*** | ***40180*** | ***37480*** | ***65543*** |
| Current assets |  |  |  |
| Prepaid expenses | 8900 | 9078 | 9260 |
| Inventories | 40261 | 41606 | 77453 |
| Cash and cash equivalent | 36366 | 27553 | 36 |
| Account receivables | 69619 | 83543 | 104429 |
| ***Total current assets*** | ***155146*** | ***161780*** | ***191177*** |
| **Total assets** | ***195326*** | ***199260*** | ***256720*** |
| ***Liabilities*** |  |  |  |
| Current liabilities |  |  |  |
| Account payables | 80570 | 96684 | 145026 |
| Bad debt | 6329 | 7595 | 9494 |
| Other liabilities | 2350 | 6870 | 7500 |
| ***Total current liabilities*** | ***89249*** | ***111149*** | ***162020*** |
| Non-Current liabilities | 80570 | 96684 | 145026 |
| Long term loans | 90000 | 66000 | 66000 |
| Other liabilities | 3240 | 5870 | 8400 |
| ***Total Non-Current liabilities*** | ***93240*** | ***71870*** | ***74400*** |
| ***Total liabilities*** | ***182489*** | ***183019*** | ***236420*** |
| ***Equity*** |  |  |  |
| Capital investment | 50000 | 60000 | 15000 |
| Retained profit | 12837 | 16241 | 20301 |
| ***Total Equity*** | ***12837*** | ***16241*** | ***20301*** |
| **Total liabilities & Equity** | ***195326*** | ***199260*** | ***256720*** |

|  |  |  |  |
| --- | --- | --- | --- |
| **CASH FLOW PROJECTION** | | | |
| **Particulars** | **AMOUNT (in £)** | | |
| **Year 1** | **Year 2** | **Year 3** |
| ***Opening cash amount (A)*** | ***0.00*** | ***36365.52*** | ***27552.76*** |
| Cash flow from the operational activities |  |  |  |
| Add: Cash sales @ 40% of sales | 50632.00 | 60758.40 | 75948.00 |
| Add: Credit sales received @ 55 % of sales | 69619.00 | 83542.80 | 104428.50 |
| Add: Prepaid expenses | 8900.00 | 9078.00 | 9259.56 |
| Less: Account payables | 80570.00 | 96684.00 | 145026.00 |
| Less: Payment of the rent and electricity | 720.00 | 720.00 | 720.00 |
| Less: Transportation expenses | 3410.00 | 5115.00 | 9207.00 |
| Net Cash flow from the operational activities (B) | 44451.00 | 50860.20 | 34683.06 |
| Cash flow from the investing activities |  |  |  |
| Add: Sale of fixed assets (furniture and decorations) | 6520.00 | 10540.00 | 14229.00 |
| Add: Interest earned of investment | 220.00 | 650.00 | 728.00 |
| Add: Sale of marketable securities | 0.00 | 870.00 | 974.40 |
| Less: Purchase of furniture and decorations | 32450.00 | 30250.00 | 52937.50 |
| Less: Purchase of machineries and equipment | 8450.00 | 11680.00 | 20440.00 |
| Net Cash flow from the investing activities (C) | -34160.00 | -29870.00 | -57446.10 |
| Cash flow from the financing activities |  |  |  |
| Add: Capital investment in business (by owner) | 50000.00 | 10000.00 | 15000.00 |
| Less: Dividend for distribution @ 15 % of net profit | 1925.48 | 2436.11 | 3045.14 |
| Less: Repayment of long term loans | 10000.00 | 24000.00 | 0.00 |
| Less: Interest payment on long term loans | 12000.00 | 13366.85 | 16708.56 |
| Net Cash flow from the financing activities (D) | 26074.52 | -29802.96 | -4753.70 |
| ***Net cash flow in the given period (E = B + C + D)*** | ***36365.52*** | ***-8812.76*** | ***-27516.74*** |
| **Closing cash balance (F = A + E)** | **36365.52** | **27552.76** | **36.03** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Expected Revenue** | | | |
| **Particulars** | **Year 1** | **Year 2** | **Year 3** |
| Sales volume | 2978 | 3574 | 4289 |
| Selling price ( £) | 42.50 | 42.50 | 42.50 |
| **Total sales revenue ( £)** | **126580** | **151896** | **182275** |

|  |  |
| --- | --- |
| **BREAK EVEN ANALYSIS** | |
| Fixed cost | 65821.60 |
| Average variable cost | 20.40 |
| Unit sales price | 42.50 |
| Contribution | 22.10 |
| **BEP sales volume** | **2978.35** |
| Contribution margin | 52.00% |
| **BEP sales amount** | **126580.00** |

## 6.2 Financial issues, assumptions and recommendations

It is assumed that business organisation will be able to achieve a constant growth in the revenue of the business organisation and will be able to maintain the steady cost of sales in the business. But it can be assumed that as a new and small business organisation it is possible for the company to face difficulty in getting the loan from bank by fulfilling all the need and requirement (Shim, 2022).

Therefore, it is recommended that the business organisation can also contact to different other financial institutes who are also involved in the process of supporting the small scale businesses or to focus on the government grants that can possibly help the business organisation by financing the business (Shim, 2022). At the same thing presentation of a strong financial expectation and outcome from the business will help the company in securing the loan and finance.

# Conclusion

In conclusion, it is expected that the business 'blue paradise' will be able to achieve success in the market considering the expected financial performance and the comparative analysis of the market. From the competitive analyse is it is understandable that the market of the business is competitive but due to the continuous expansion of the market and the rising economic stability will help the business organisation in advertising a success in the market. Also the stated marketing plan will help 'blue paradise' in achieving further success in business due to the use of diversified marketing plan that will be able to reach a huge potential customer and market for the business. Also the comparative pricing strategy of the business will help in maintaining the competitive advantage in the market to balance the quality and price, which will also help in increasing the attractiveness of the business to the potential customers. The use of pre-marketing activities by using different promotional channels will help 'blue paradise' in managing the business in a better way as the awareness in the market will increase about the company before the launch.

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# Appendix

## A1: Breakeven analysis breakdown

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Units sold** | **Selling price per unit (£)** | **Variable cost per unit (£)** | **Total sales revenue (£)** | **Total variable cost (£)** | **Total fixed cost (£)** | **Total cost (£)** | **Profit (£)** |
| 1478 | 42.50 | 20.4 | 62830 | 30158.4 | 65821.6 | 95980 | -33150 |
| 1978 | 42.50 | 20.4 | 84080 | 40358.4 | 65821.6 | 106180 | -22100 |
| 2478 | 42.50 | 20.4 | 105330 | 50558.4 | 65821.6 | 116380 | -11050 |
| 2978 | 42.50 | 20.4 | 126580 | 60758.4 | 65821.6 | 126580 | 0 |
| 3478 | 42.50 | 20.4 | 147830 | 70958.4 | 65821.6 | 136780 | 11050 |
| 3978 | 42.50 | 20.4 | 169080 | 81158.4 | 65821.6 | 146980 | 22100 |
| 4478 | 42.50 | 20.4 | 190330 | 91358.4 | 65821.6 | 157180 | 33150 |

## A2: Pre-marketing activities costs

|  |  |
| --- | --- |
| **Pre-marketing activities costs** | |
| **Particulars** | **AMOUNT (in £)** |
| **Year 1** |
| Newspaper advertisement | 1885.00 |
| Leaflet and banner distribution | 975.00 |
| Social Media Marketing | 1880.00 |
| Search Engine Optimisation (SEO) | 2650.00 |
| Paid collaborations with influencers | 3210.00 |
| **Total** | **10600.00** |