



Non-Examined Assessment

Band 4 Exemplar Learner Response

**NCFE Level 1/2 Technical Award in Business
and Enterprise (603/7004/X)**

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Introduction

The following are sample learner responses for each task within an assignment alongside examiner commentary for each assignment. They show how learners might respond and can help assessors in making their overall marking decisions.

Learner responses

Each learner response should demonstrate **what** a **mark band 4/top band** response looks like alongside any evidence which is required to be completed. All responses use content from the mark schemes and align with the standards in the mark band descriptors and indicative content.

Assessor commentary

The assessor commentary demonstrates **why** the responses given throughout the assignment meet the criteria for the mark band they have been awarded. The assessor commentary will be linked to, and supported by, the descriptors in the mark scheme.

Task 2 – Research		
Band	Marks	Descriptors
4	10–12	<p>AO2 – Excellent ability to apply knowledge and understanding to the scenario within the brief. Highly suitable and comprehensive solutions and suggestions that are highly relevant to the business.</p> <p>AO1 – Excellent recall of knowledge and understanding of research, reflecting a comprehensive range of research sources that are highly relevant in relation to the brief. All elements of the brief will be researched into in a highly detailed and effective way.</p>
3	7–9	<p>AO2 – Good ability to apply knowledge and understanding to the scenario within the brief. Suitable and mostly detailed solutions and suggestions that are mostly relevant to the business.</p> <p>AO1 – Good recall of knowledge and understanding of research, reflecting a wide range of research sources that are mostly relevant in relation to the brief. Most elements of the brief will be researched into in a mostly detailed way.</p>
2	4–6	<p>AO2 – Reasonable ability to apply knowledge and understanding to the scenario within the brief. Some suitable solutions and suggestions that have some detail, and some relevance to the business.</p> <p>AO1 – Reasonable recall of knowledge and understanding of research, reflecting a minimal range of research sources that are reasonably relevant in relation to the brief. Some elements of the brief will be researched into in a reasonably detailed way.</p>
1	1–3	<p>AO2 – Limited ability to apply knowledge and understanding to the scenario within the brief. Limited solutions and suggestions that have minimal detail, and limited relevance to the business.</p> <p>AO1 – Limited recall of knowledge and understanding of research, reflecting limited use of research sources that have limited relevance in relation to the brief. Limited elements of the brief will be researched into in a limited way.</p>
0	0	No rewardable material

Project brief

You are the owner of IsaFlo Ltd. IsaFlo makes a range of office furniture such as desks and chairs. The brand is known for its high quality and excellent design.

Customer service is rated at 98% positive and less than 0.1% of furniture is returned due to poor quality.

IsaFlo operates in a very competitive environment and sales of its furniture have failed to increase over the last 3 years.

You want IsaFlo to expand into the outdoor furniture market to generate sales.

The outdoor furniture will be sold direct to the public and customers will only be able to order the furniture through IsaFlo's website.

Batch production will be used to make the furniture. To keep stockholding costs down the business uses a just-in-time method of stock control. Manufacturing of the furniture will take place in IsaFlo's factory based in the Midlands.

Finance will be required to fund development and production of the outdoor furniture.

You need to consider sources of finance.

Using all relevant materials, you are required to create a project plan, complete research and create a business plan that could be presented to an organisation to raise finance.

In order to succeed in gaining business finance you need to produce a full portfolio which is to include:

Task 1: Business and enterprise action planning

Evidence

An action plan to include:

- business summary
- business plans for the future
- identification of key points from the brief and appendices
- potential sources of other information
- timeline (how will you spend the 18 hours given).

You could use the following formats to provide evidence for your research:

- written report
- graphs and charts
- timescale plan.

IsaFlo is considering entering a new market (to them) of which they have limited knowledge. To enter this market successfully will require a great deal of detailed research and planning in order to minimise the risk of failure when entering the market. The venture will require an input of finance, potentially from the bank and maybe from business angels or other potential investors (e.g. other businesses, issuing share capital). To attract this additional finance, which will be at risk, IsaFlo will have to develop and submit a business plan with the following sections:

- Executive summary
- Market research
- Marketing Plan
- Operations Plan
- Human resources Plan
- Financial Plan

Although this is an existing business, this diversification is still a big risk and in order to increase the chances of success the entrepreneurial characteristics (e.g. determination, self-motivation, resilience) and skills (e.g. communication, negotiation, financial) will be needed.

Business Summary

IsaFlo makes high quality office furniture. It is a limited company with only one owner who provides all the share capital and makes all the decisions. It has a factory in the Midlands and is looking to diversify into the outdoor furniture market as sales are no longer growing as it currently operates in a very competitive market. The business is cost conscious and currently uses just in time stock control and batch production.

Identification of key points and other relevant information needed.

Summary of appendices

Appendix 1

Appendix 1 shows the forecast costs for a table and 4 chairs. These costs will help me calculate the break-even number for garden sets needs to make and sell to start making a profit. However, I will need to decide on a selling price before this can happen. The variable costs may change depending on what happens to the costs of raw materials; I will need to see if I can find trends in costs of raw materials. I will also look at inflation.

Assessor comments

The learner indicates understanding of skills and characteristics to be an entrepreneur.

This is a succinct summary of the project brief up to the appendices. Every comment is completely relevant to the business scenario.

This is a detailed analysis of appendix 1, including highly reasoned justification as to why and what information is needed, for example inflation.

The interest on the loan suggests that the finance needed to diversify will be borrowed. For example, purchase of new equipment, extend the factory.

Appendix 2

These are the forecast sales of the outdoor sets. They start off slowly at 200 sets, year 2 an increase of 300% to 800 and then year 3 sales of 1200 sets, which is a slower rate of increase. The curve looks very like the traditional product life cycle curve. These figures will help me calculate the predicted profit per year once I have decided on the price.

Appendix 3

This information shows the forecast sales for outdoor furniture from sustainable sources is on an upward trend suggesting that this will increase year on year. This is good for IsaFlo as a growing market means that the business will have more potential customers but it could also mean that there will be an increasing number of competitors

Appendix 4

The extract suggests that a third of customers who buy sustainable products will pay 25% more for them. This may help me decide on my price as I can set a higher price for the outdoor furniture than companies selling furniture from non-sustainable sources. However, it could be that the products being surveyed are lower priced products so an increase in 25% will not make a big difference to the customer, whereas furniture is a high priced product and a 25% difference can be a large amount of money.

Other key points and relevant information needed.

IsaFlo is a limited company with only one owner. This may have implications for raising finance through share issue as I may have to introduce additional shareholders which will impact profit sharing and decision making. Appendix 1 does suggest that some additional borrowing will be needed but might also be worth additional share issue. I need to find out the advantages and disadvantages of issuing shares as an additional source of finance as this will impact on how the expansion is financed.

IsaFlo is considering diversifying into a different market i.e. outdoor furniture sourced from sustainable sources. I need to conduct research into the existing market for sustainable outdoor furniture including strengths and weaknesses of potential competitors, future of the market. Knowing the strengths and weaknesses means I can make decisions to make IsaFlo competitive as I can exploit their weaknesses.

Its reputation for high quality, great design and excellent customer service should help a great deal in launching a new product range though the target market may be different so have no knowledge of IsaFlo's reputation. Failure to maintain this reputation will not only make it more difficult to sell the outdoor furniture but also may damage the reputation for the office furniture so reducing its sales.

Assessor comments

Appendices 2, 3 and 4 identify how the information will be useful with excellent analysis of source material, for example analysis of why a growing market may and may not be beneficial to IsaFlo in appendix 3. In appendix 4, the learner discusses potential issues around information on price.

Each paragraph identifies additional information needed with highly reasoned justifications for their inclusion, for example in paragraph 3, the importance of maintaining quality is identified and its potential impact on the existing business.

IsaFlo wants to make outdoor furniture. Although it makes furniture and will probably have the skills to make outdoor furniture there will be additional considerations such as sourcing sustainable materials, choice of materials, use of JIT and batch production. I will need to devise an operational plan for how the method of production will be used for the new range. I will need to include warehouse space and maybe production space. If I assume that suppliers will supply on a JIT basis and they don't, IsaFlo will be short of warehouse space which can quickly increase costs.

Timeline

Dates	Task	Task details
8 January	1	Read the brief and highlight the key points in the brief. This should tell me some of the market research I will need to carry out. Make a list of the information I will need to find out 1 hour. Identify the characteristics of my target market from the brief
10 January	1	Draw up and complete a table of the information I need and complete my time line.
15 January	1	Start my market research. I will design my questionnaire and make decisions on how I will collect the data. I will need to make sure I only collect data from my target market. It would be a good idea to collect from a variety of people with different jobs, in different locations etc. Some of the questions will be determined by secondary market research, such as giving a range of prices to choose from, so I will not be able to complete this task straight away.
17 January	2	I will start my internet research into the market for garden furniture and my main competitors. I will make notes as I go along and keep a record of the internet addresses. I need to know details of the products they offer, their prices, how they promote and their distribution methods. I will do this to identify their strengths and weaknesses.
22 January	2	I will look for information on the different ways for marketing the outdoor garden furniture. Some will come from information of competitors websites but I also need to find out the costs of the different marketing methods
24 January	2	I will investigate how I can recruit additional staff for the expansion. I will need to look at the costs involved and think about where my potential employees are likely to be located
31 January	2	I will investigate any additional premises I will need such as warehouse space. I will need to know the costs and think about what will happen if the expansion is not a success.
2 February	2	Complete writing questionnaire and print off. will take a week to collect my data.
7 February	2	Collate and analyse primary data.
9 February	2	Collate and analyse secondary data.
14 February	3	Business plan: Complete the executive summary and company description
16 February	3	Write the People plan
28 February	3	Write the People plan
2 nd /7 th Mar	3	Write the operations plan
9 /14/16 Mar	3	Write the financial plan
21 March	4	Review and evaluation
23March	4	Review and evaluation

Assessor comments

This is a detailed timeline. It identifies key dates for completion of each task.

Overall, this is an excellent analysis of the brief.

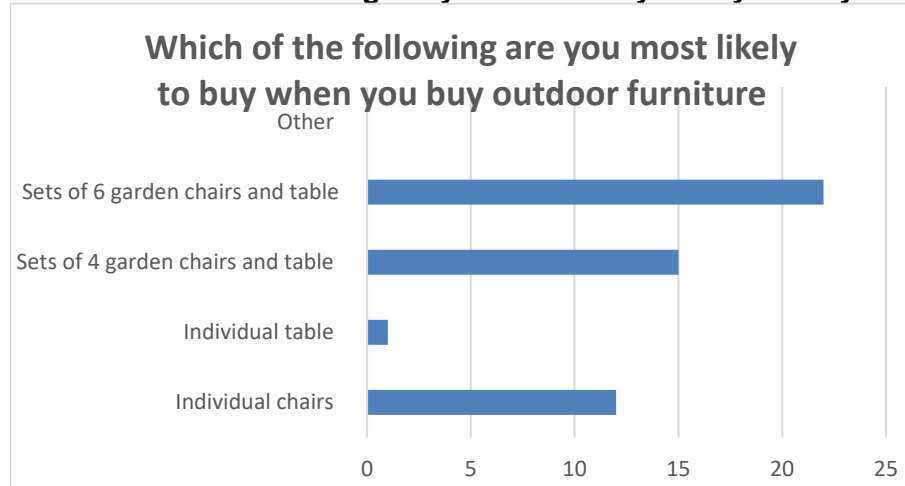
The learner has demonstrated an excellent ability to summarise and apply knowledge and understanding. Analytical skills are well developed and well applied to the scenario.

Task 2: Research

Evidence	Primary research	Assessor comments
<p>Information and sources of information relating to:</p> <ul style="list-style-type: none">• Competitor analysis• marketing• people and operations• finance. <p>You must also:</p> <ul style="list-style-type: none">• provide a summary of the pieces of research that considers how this affects IsaFlo• justify why you selected and undertook each piece of research• provide your internet browsing history used for research and planning purposes. <p>You could use the following formats to provide evidence for your research:</p> <ul style="list-style-type: none">• written report• annotated diagrams• digital presentation• graphs and charts• video.	<p>(My questionnaire is in Appendix 5)</p> <p>I need to carry out primary market research to get information from IsaFlo's target market about what materials they want the furniture to be, what price they will pay, where they will buy it, what is the most important factors that influence their buying choices and where they would expect to see the furniture advertised. Primary research is up to date and specific for what I want to know. This will allow me to collect both qualitative and quantitative data. I cannot give questionnaires to the whole of the target market so will ask a sample which I hope will be representative. This may make the information less reliable.</p> <p>I carried this market research amongst my teachers, my family and their friends and also customers in the local Waitrose.</p> <p>I asked a number of filter questions so only those in my target market answered the whole questionnaire.</p> <p>I have not analysed the answers here as I have used the information gained from the research throughout the business plan.</p> <p>Questionnaire Filter questions Are you a homeowner yes [] no [] Do you have a garden yes [] no [] Are you in permanent employment yes [] no [] If buying outdoor furniture would your first choice be wood? Yes [50] no [16]</p> <p>This told me that of 66 people questioned 50/66 (76%) preferred wood so this is what I will base the rest of the questionnaire on.</p> <p>Below is a summary of what I found out. A spreadsheet of my results is in Appendix 6.</p>	<p>This introduction clearly sets out what information will be needed and why.</p> <p>The filter question ensures that everyone who completes the full questionnaire will be in the target market, thus ensuring that information will be highly relevant to the project brief.</p>

Results

Q1: Which of the following are you most likely to buy when you buy outdoor furniture?



I asked this question to inform what furniture IsaFlo should first introduce. I need to make the most popular furniture otherwise IsaFlo will miss out on possible sales and profit. The individual tables were not a popular choice, but the sets and individual chairs will be available when we launch. This suggests that the business should be making more of the larger tables as this was the most popular choice. However, this will tie up more cash in finished goods and if the primary data is unreliable the larger tables may not sell.

Q2: Which would be your first choice of wood for the furniture?



I asked this question to decide what wood(s) IsaFlo should choose to make the outdoor furniture. Choosing the most popular wood increases the chance of sales which is important but it may not make the most profit per item as this will also depend on cost and selling price. Teak is the most popular so we will offer this at first. If successful, the range will be widened to include cedar.

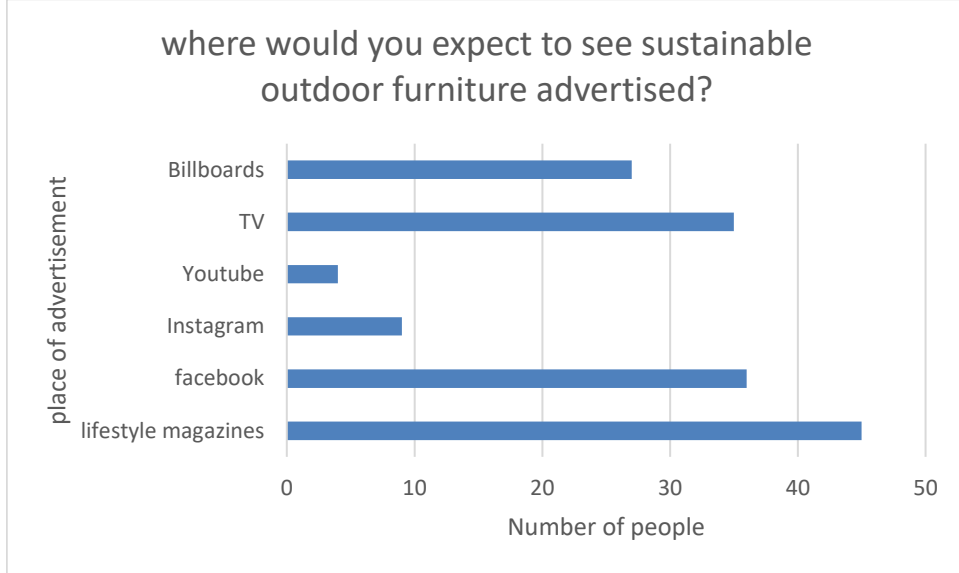
Assessor comments

Responses to questions 1 to 6 are displayed in a clear manner, making interpretation straightforward. This is good use of quantitative primary research.

The questionnaire and its results demonstrate an excellent recall and understanding of research with an excellent ability to apply this to the research brief.

There is excellent analysis that is comprehensive and highly relevant, for example with question4, it is important to know what most customers are prepared to pay as this can help avoid setting a price too high and losing customers or setting it too low and losing possible profit. It is important that IsaFlo makes a profit so our costs will also have to be considered. IsaFlo needs to be competitive, so competitors' prices are also important.

Q3: where would you expect to see sustainable outdoor furniture advertised?



Lifestyle magazines: Homes and Gardens 10, Gardener’s world magazine 3, Other: none named. The answers to this question will help decide on the method(s) of promotion.

The responses suggest that lifestyle magazines would be the best place to advertise but Facebook and TV are a close second. Billboards also scored quite highly. However, customer answers will not be the only factor as cost is going to be very important. If I chose to advertise on YouTube the answers suggest this would not reach my target market as well as lifestyle magazines so reducing opportunity for sales.

Q4a: What price would you expect to pay for as set of 4 outdoor chairs and a table made from sustainable wood?

4b: What price would you expect to pay for as set of 6 outdoor chairs and a table made from sustainable wood?

Set of 4	
£901 - £1000	27
£1001 - £1101	23
Set of 6	
£1401 - £1500	14
£1601 - £1700	26
£1701 - £1800	10
£1801 - £1900	0

This question was asked to help set the price. It is important to know what most customers are prepared to pay as this can help avoid setting a price too high and losing customers or setting it too low and losing possible profit. The set of 4 was very close and the price could be somewhere between £901 and £1101. The set of 6 the answers suggest setting a price between £1601 and £1700 would suit our customers. But it is important that IsaFlo makes a profit so our costs will also have to be considered. IsaFlo needs to be competitive so competitors prices are also important.

Q5: Please rank in the following factors that would influence your choice of supplier of outdoor furniture with 1 being the most important.

	1	2	3	4	5	Total
Quality	13	20	17	0	0	50
Range	0	0	21	24	5	50
Price	35	10	5	0	0	50
See/touch	0	10	2	16	22	50

This question was asked to help make decisions about the product and also what factors should be emphasised when promoting the product. Quality is clearly very important to people as nobody scored it as 4th or 5th. And 66% had it as first or second. Range is not so important to people and nobody ranked this as 1st or 2nd. This is good as IsaFlo does not plan to launch with a large range. This should not limit the number of sales made. Price is the most important factor to people when choosing with 70% placing it first and 90% placing it as 1st or 2nd. The price will clearly have to be competitive. If the sets are priced higher than the competition it is very likely that IsaFlo will lose customers Nobody put seeing and touching the furniture as the most important and only 20% put it 2nd and 76% placed it as 4th and 5th. This is encouraging as IsaFlo plans to sell online and this decision should not limit the company's sales.

Q6: Where are you most likely to buy sustainable outdoor furniture?



This question was asked to see if there is an online market for outdoor furniture. If nobody bought furniture online then IsaFlo would have to reconsider its plan to sell through its website. 40% said they would buy online which is enough for us to continue. 44% said they would buy from a showroom so IsaFlo will have to consider the possibility of having a showroom.

Q7: if you did not rank sustainability as the most important factor when buying outdoor furniture, please explain why.

Only 12 people completed the last question, maybe because it was open ended and they didn't have the time or just couldn't be bothered.

All 12 said that although climate change and sustainability was important to them, price and quality were more important, especially given the cost of living crisis. A number said that they thought that sustainably sourced garden furniture would be more expensive. Some said that they did not think that buying sustainable sourced furniture would make any difference to climate change and big businesses had to do their bit.

Secondary Research

I carried out a lot of secondary market research, some of which I have listed here. All of my secondary research was carried out online as this was timetabled time in the classroom. This is very low cost and relatively quick but it is not always possible to rely on information from second hand sources.

It would have been useful to have a detailed report on the market for second hand furniture. Mordor Intelligence will provide a detailed customised report but they charge for the report and I cannot afford it.

Below is a summary of the secondary sources I used.

- Competitors websites – price, methods of promotion, strengths and weaknesses
- Suppliers websites – price and delivery options for sustainable wood, certificates of sustainability
- Banks websites - Cost of borrowing
- Lifestyle magazines/ websites - advertising and promotion materials of competitors - online
- Government data on age and income profile of owners of homes with gardens

I have also used some primary research information and information from the case study to make decisions about the marketing mix.

Marketing Analysis

Competitor analysis

There are a wide range of businesses selling sustainable furniture online. Many of the businesses that came up on a google search sold upcycled or recycled furniture and/or focussed on non-wood products. Although this is obviously competition, my market research suggested that wood is the most popular material for outdoor products and most of our office furniture is made of wood so this is what we will focus on as our skills are in this area. My main analysis of the competition will be on those businesses that sell outdoor furniture made from wood. The top three search results are listed below.

I also did a search for wooden garden sets without the word 'sustainable' and there were plenty of these. Again, not direct competitors but looking at the price there is not a big difference in the price between the sustainable and non- sustainable retailers which could be useful for marketing purposes. I focussed on garden sets and compared table and 4 chairs and table and 6 chairs.

Search results

	Name	Web address	4 chairs and table £	6 chairs and extendable table £	Strengths (S) Weaknesses (W) Other(O)
Sustainably sourced wood	Sustainable furniture	https://www.sustainable-furniture.co.uk/garden-furniture-patio-furniture	945	1635	number 2 in search lists (S) Customers include NHS, English Heritage National Trust (S) Wide range of woods(S) One of the best-selling online (S) High quality website with a story (S) Charges for delivery of over £100 (W) No social media presence (W) Internet based (O) Self-assembly (O) 15% discount code attached (O)
	Luxus home and garden	https://www.luxushomeandgarden.com	1100	1999	Wood is from Indonesia from certified sustainable growers (S) High quality website with a story (S) Free delivery on orders over £500 (S) On Facebook and Instagram(S) Highest prices (W) Internet based(O) Self-assembly (O) Half price in Jan sale(O)
	Puji	https://www.puji.com/collections/garden-furniture	899 (bar table and chairs)	Not offered	Lowest price (S) Very limited choice of wood furniture (W) Internet based
	Zest				Does not sell garden sets
	Joybird				Manufacturer in the US that plants a tree for each garden set made – possible selling point?
No mention of sustainability	Mr Teak	https://mrteak.co.uk/collections	999	1495	No mention of sustainability Set of 4 chairs had £100 off Sets of 6 chairs had £1495 Off in sale On Facebook

I completed the search for competitors as an online only business because these will be IsaFlo's competition. I did an internet search for 'sustainable wood garden furniture' and the top two adverts were for Sustainable Furniture and Luxus Home and Garden.

Both businesses sold a wide range of garden furniture, selling items singly and as sets. Both sold at least three different designs e.g. round and rectangular tables, chairs with arms and those without, extendable and non-extendable tables. They have both been established a long time so IsaFlo will not be able to initially offer the same wide range of designs and products. I will carry out some further market research to see which designs IsaFlo should focus on first.

Their websites also provided me with an insight into one aspect of promotion and having a January sale was common to all. Their websites were extensive and both 'told a story' of the provenance of the wood, the values of the business and were written in a very personal way. This is going to be important when IsaFlo creates its web pages for the outdoor furniture

Both the websites indicated that the businesses had a very clear mission to provide high quality and sustainable furniture. This may be important as IsaFlo currently does not have a name for sustainability and this may have a knock-on effect for the rest of the business if the diversification is to be successful

The prices give me a good indication of the price points that each business uses. There are significant differences in the prices but the products are slightly different which may explain it. The price may also be linked to the delivery charges as the most expensive does not charge for delivery for purchases over £500 but Luxus Home and Garden does. It could be that free delivery on the garden sets could be a USP for IsaFlo although this may delay delivery as we would want to minimise our distribution costs by combining as many deliveries as possible. We could charge a premium for those customers who want delivery within a certain period of time.

My research suggests there are only 2 main competitors selling in the same market that I wish to break into, which is encouraging. Also, the information in Appendix 4 in the project brief suggests that there will be a steady growth in the market for garden furniture from sustainable sources. This will mean IsaFlo will be entering a growing market although this also means that there may be an increasing level of competition.

The website <https://www.themarketingblog.co.uk/2020/07/> has the headline 'EnviroBuild sees huge rise in demand for sustainable garden furniture and products'. Although not a forecast beyond the summer of 2020 the article does suggest that people are spending more time in their gardens and also that sustainability is important. However, July 2020 was in the year of lockdowns and for some of the time people could only meet outside so this may have had some impact on the increase in sales.

I could not find information on projected sales of sustainable garden furniture, but I did find a forecast for sustainable furniture as a whole.

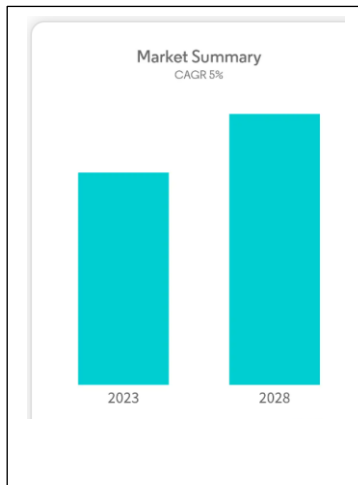
[https://www.mordorintelligence.com/industry-reports/uk-sustainable-home-furniture-market:](https://www.mordorintelligence.com/industry-reports/uk-sustainable-home-furniture-market)
<https://www.mordorintelligence.com/industry-reports/uk-sustainable-home-furniture-market>

Assessor comments

The learner has provided an excellent understanding of the scenario with this choice of research into the competition. It is highly relevant, and the text provides an excellent analysis of the results.

Excellent reasoned and highly detailed judgements are made on how the research affects the business, for example possible impact on promotion and also the need to generate a name for sustainability as this may impact the rest of the business.

You can see from the graph that sales are expected to increase by 5%. This is only a forecast but it is encouraging to see that the market for sustainable furniture is expected to expand and if true for home furniture it is probably true for garden furniture.



I could not find this information for the UK without paying for a report which I was unwilling to do. Global and US sales are predicted to increase by 3% and 5%, though this may not be true of the UK. I will rely on the information in Appendix 2 in the project brief and assume the growth in sales will continue.

Marketing Mix

Marketing mix covers product, place, price and promotion.

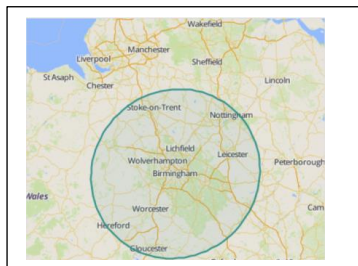
Product

Using the information from my primary research and looking at the websites of the 2 main competitors IsaFlo will initially launch 2 garden sets; 4 chairs and a table and also 6 chairs and an extending table. It will also offer a different type of chair for each set, but customers can trade up or down on the chairs and the price will be adjusted accordingly. We will also offer the purchase of the chairs individually. **The sets will be self-assembly** in line with our competitors.

This will keep distribution costs down. However, for a small additional fee we will offer to assemble the garden furniture as part of our customer service. We will also provide information on how to look after the furniture and provide a free tin of teak oil with every order.

Again using the primary data and information from the competitor's website we will offer both sets initially in teak until we can assess the demand more accurately and carry out some more market research. This will keep our initial costs down and may help in gaining a discount from a supplier.

Once the business has a toe hold in the market the business will add to the range each year and also look to refresh the range. It is hoped to sell a range of complementary products such as cushions, parasols if these materials can be sustainably sourced.



Place

We plan to initially sell online as this is what our competitors do. This will reduce the rent and add-on costs of opening our own shop. We already have warehouse facilities and it may be possible to extend these. If not, we can rent warehouse space close to the factory.

Above is a map that identifies the approximate area this would cover.

Assessor comments

There is excellent use of both primary and secondary sources to analyse and provide excellent reasoned judgements on how the research affects the business.

20% of the people we asked ranked being able to touch and feel the product, as number 2 in importance when choosing a supplier. We may offer customers the opportunity to visit the warehouse by appointment. This will probably only be taken up by people living within an hour of the showroom but as we are in the midlands this includes a large area with many potential customers.

Price

This will be determined by a number of factors such as the need to make a profit, the need to be competitive, the need to provide the high-quality image that our business currently enjoys.

I could not find any information on the mark up for furniture. Some websites suggested between 100% and 200%, <https://www.ukbusinessforums.co.uk/threads/product-margins.38283.9/> if we added this mark up our furniture would be uncompetitive and it is unlikely that we will be able to sell many sets given we are not yet established in the market. We already have an existing profitable business so will use competitive pricing and set our prices in line with the immediate competition. We do not have to set a lower price as the appendix 4 in the project brief suggests that one third of people who buy sustainable products will pay 25% more for them. Although 70% of my responses said that price was the most important factor, I believe that if we are in line with the competitors' prices this will satisfy them.

It would be good to break even in the first year and the biggest response on my questionnaire (54%) stated that they would pay between £901 and £1000 and 46% between £1001 and £1100. Looking at the competitor's prices this price would be in line with other sustainable furniture. If we charged £999 we would be competitive, maintain our reputation for high quality and could possibly offer free delivery in this price. It also is just under £1000 so psychologically might attract buyers.

Using the data from Appendix one in the project brief and price decided by IsaFlo.

Selling price £999
 Variable cost £510
 Contribution = £489
 Fixed cost (including interest) £171 500
 Break even = $171\ 500 / 489 = 350.7$

So we would only have to sell 351 sets to break even and will not make a profit in the first year.
 Profit in the three years, assuming both selling price and costs remain the same and predicted sales are accurate.

	Year 1	Year 2	Year 3
Sales (appendix 2 in project brief)	200	800	1200
Break even	351	351	351
Sales – Break even	(151)	449	849
Contribution per set	489	489	489
Profit/loss	73, 700 loss	219,561	415,161

Assessor comments

There is excellent use of both primary, secondary and data for the research brief to **decide on a price**. The break-even calculations and projected income statements demonstrate an excellent ability to apply knowledge and understanding to the scenario with an excellent recall of knowledge and understanding of research.

The analysis is highly relevant and detailed and excellent reasoned judgements have been made.

These figures say that IsaFlo will make a loss on the sets of 4 chairs and a table in the first year which is not surprising as sales forecast are low as the product is in the introductory stage of the product life cycle. The fixed costs are spread over fewer sales so each set makes a lower profit than when more sales are made.

The initial loss is not too much of a concern as the existing business is profitable and can cover the first year's loss.

The sales figures may not be 100% reliable. An extract from the OECD website suggests that private consumption is expected to slow due to rising living costs, however the break even is low enough that even if sales are less than forecast the outdoor furniture should still be profitable.

<https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

Following a contraction of 0.4% in 2023, GDP is projected to increase by 0.2% in 2024. Consumer price inflation will peak at around 10% in late 2022 due to high energy prices and continuing labour and goods supply shortages, before gradually declining to 2.7% by the end of 2024.

Private consumption is expected to slow owing to rising living costs

However, even if sales rise slowly the venture looks as though it will be profitable.

Promotion

There are a wide number of ways that IsaFlo can promote its product. And there are many factors that affect this. The most important ones for IsaFlo are cost, the product itself, target market characteristics and their preferences for different types of media, stage in the product life cycle of the product.

As the product is in the introduction stage of the product life cycle the primary purpose of promotion will be to raise awareness of the product and to build its brand image. This suggests that advertising will be the most appropriate method. Offering discounts will be a consideration in January to be in line with our competitors.

The product itself is a consumer product aimed at a particular segment of the market who have the characteristics of high income earners, homeowners with gardens, care about the environment and located across the UK. IsaFlo needs to choose method(s) of advertising that have a wide reach and will be seen more than once, over a period of time, as this is a new product on the market. The method that is chosen must be in line with the message of sustainability so a reduced carbon footprint may be important. The advert must also reflect the high quality of the product so place, content and design are all important.

The adverts must be placed where our target market will see it to have an impact.

Cost is also a vital factor. It may be that initially the cost could outweigh the revenue generated as the brand image is established and the name becomes recognised for outdoor sustainable garden furniture. However, IsaFlo must also be aware that it must keep within its budget and monitor how successful the advertising is in generating sales. This can be done by asking each customer to state how they found out about IsaFlo.

All of the above suggest that the advertising method should have wide reach, be seen more than once, have low carbon footprint, be where customers will see it, reflect our brand image and be within budget.

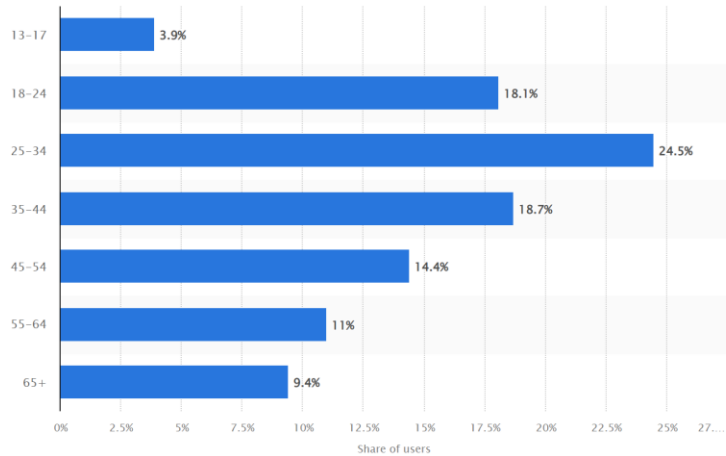
The market research suggested consumers would expect to see advertising on Facebook, lifestyle magazines, TV, and billboards.

Assessor comments

A wide range of research has been used to make a decision on promotion. There is excellent detail, allowing excellent relevant analysis to allow excellent reasoned judgements to be made.

TV will be too expensive to place an advert at a time when our customers will see it, and billboards would have to be placed across the country to reach a wide enough audience so will also be too expensive.

Direct mail to our existing customers would be good as we do have their email addresses. However, there is no guarantee that our present customers are concerned about sustainability.



Our focus will be on Facebook and Lifestyle magazines.

Secondary research

[\(https://www.statista.com/statistics/1030055/facebook-users-united-kingdom/\)](https://www.statista.com/statistics/1030055/facebook-users-united-kingdom/) shows that 44.1% of the UK population aged between 34 and 64 use Facebook. I only looked up to age 64 as many people will be retired after that, which also suggests that Facebook would be a good medium to advertise.

One other way that IsaFlo's product can come to the notice of the customer is through a Google search so it is important to ensure our brand comes on page one when the words sustainable, wood, outdoor furniture are put into google Lifestyle magazines.

I could not find the cost to advertise in the lifestyle magazine I wanted. The closest I could find was on the website below:

<https://www.communityad.co.uk/trades/what-are-the-costs-of-magazine-advertising/>

Magazine Advertising Costs for *Cosmopolitan*

Cosmopolitan is a great magazine to advertise in if you have a very big budget and if your content relates to fashion, as well as entertainment. You can also consider advertising in the magazine if you want to target women. This publication also offers different formats and a range of prices. These are formats and prices such as:

- Full page – in colour: \$268,000 (about £189,390); in black and white: \$215,000 (about £151,936).
- 2/3 page – in colour: \$201,000 (about £142,042); in black and white: \$161,000 (about £113,775).
- 1/2 page – in colour: \$182,000 (about £128,616); in black and white: \$145,000 (about £102,469).
- 1/3 page – in colour: \$135,000 (about £95,402); in black and white: \$107,000 (about £75,615).
- Second cover – in colour: \$342,000 (about £241,685).
- Third cover – in colour: \$296,000 (about £209,177).
- Fourth cover – in colour: \$362,000 (about £255,818).

Cosmopolitan is a glossy magazine with a wide reach and is the closest to the type of magazine IsaFlo would advertise in so I am assuming the advertising costs will be similar.
We would want a colour advert but smaller than half a page and would want it more than once. These prices may well be too expensive for us.

People

The design of the furniture will be carried out by our existing design team so no additional recruitment for this position will be needed.

We will also require one person to oversee the production of the garden furniture. We plan to offer this job through internal recruitment. The person needs to be familiar with our business and batch production method. It is important that the appointee understands that high quality is of primary importance. We believe we have the skills needed in house. If there are gaps in knowledge, such as using JIT, we can remedy this with training. We feel that internal recruitment will provide someone who will be highly motivated as we have recognised them. The successful candidate will be immediately productive as they already know the business.

As a furniture manufacturer we already have many of the skills necessary to make the garden furniture. We will internally recruit some of the positions as some of our existing employees may want to work on production of the new product and this could act as a motivator.

However, IsaFlo may need some additional employees such as warehouse staff. The garden furniture will all be stored and sent to individual customers from our warehouse so this may require at least 1 more member of staff. The first year's sales are predicted to be 200 sets. As the sets are flat packed and will not all be manufactured at once and then stored, initial storage requirement will not be that high.

However, IsaFlo will need additional staff on the production line and at least one other driver. We may need to employ one other person in the purchasing department.

Recruitment for these jobs will be done online as this will reach many people who are actively looking for these type of jobs. The job websites have filters that enable jobseekers to filter by job and location so will reach local people who are able to travel to work every day. This means that we will only have to consider applications from people locally or who are prepared to relocate.

There are a number of online websites on which to post jobs

<https://www.totaljobs.com/recruiters/> Is a popular website but charges £89.00 for posting one job advert.

<https://uk.indeed.com/hire/> is free to post job adverts and it is the most widely used jobsite in the world, so is likely to attract applicants.

<https://www.monster.co.uk/advertise-a-job/pricing/> offers a free trial but then there is a charge of £130 a month.

Of the 3 websites I will choose Indeed as there is no charge and seems to be more suitable for us as we will not be hiring large numbers of people. It has a very wide reach and as unemployment is still low in the UK, this could be important. It has all the necessary filters to reduce the number of unsuitable applicants which will save us time.

Assessor comments

The learner has made assumptions about the business to enable the section on people to provide sufficient detail.

This section

demonstrates excellent knowledge and understanding of the people requirements of an expanding business and uses information from the stimulus in a highly relevant way, for example the number of sales made in the first year and reference to JIT, which may stimulate the need for training.

Operations

Production method

IsaFlo uses a batch production method for furniture and the same system will be used for the new garden products. This allows the flexibility needed for the 2 types of table and the chairs.

The factory operates 5 days a week.

Batches of the smaller tables will be made on Monday and Tuesday morning, and then production will be switched to the extending table on Tuesday afternoon and Wednesday. Chairs will be produced on Thursday and Friday afternoon.

Suppliers

We will have to find a new supplier as we need wood from sustainable sources and also want to operate on a just in time basis.

As we will be making the furniture out of teak we will not be able to use timber grown in the UK. This will mean buying imported wood which will increase our **carbon footprint**. However, we can offset this by planting a tree for every set provided which will enhance our sustainable credentials.

The preferred supplier is <https://ecofriendlyteak.com/our-products/>

This supplier is in Mexico and is experienced in supplying worldwide. All the wood is grown in sustainable forests and is FSC certified. Here is a quote from their website which we will be able to use for marketing purposes.

“FSC certification confirms that the forest is being managed in a way that preserves biological diversity while benefiting the lives of local people and workers, ensuring it sustains economic viability”

One problem with buying imported timber is that it may not be possible to operate on a just in time basis so we may have to reconsider this approach if we are to use teak. This will have an impact on our storage requirements and costs.

Premises

Additional warehouse space. The business below can supply additional warehouse space within a week and can be erected on site. The time of rental is very flexible from weeks to years.

<https://www.aganto.co.uk/temporary-buildings/logistics/temporary-warehouses/>

The business is located in Stoke which is not too far from the Midlands so I will be able to call for a consultation.

Unfortunately there is no indication of cost on their website

This company provides additional warehouse space on a temporary basis if needed. Possible advantages include

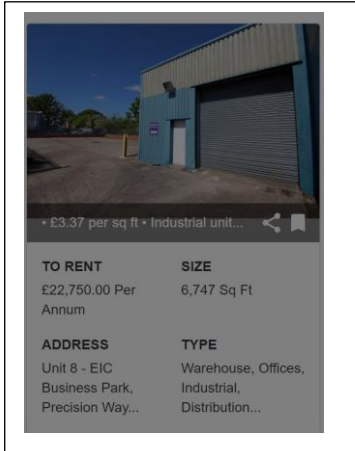
- All overflow warehousing on-site.
- Get the space needed in just days – there is a case study about how an Aganto warehouse building helped a customer fulfil an urgent order.
- Savings in time and cost over traditional buildings – no design fees, no groundworks and minimal labour, material and equipment.

Assessor comments

The learner has used a variety of relevant resources to address various issues of operations.

This demonstrates an excellent ability to apply knowledge and understanding, which enables excellent analysis that is comprehensive and highly detailed. This enables excellent reasoned judgements to be made.

This is especially evident in the suppliers section where the learner demonstrates that there could be a negative impact on **sustainability** reputation if materials are imported but this can be overcome by planting a tree.



This site advertises warehouse rental space in the Midlands.

<https://propertylink.estatesgazette.com/warehouse-for-rent/west-midlands-region>

It would depend on how much space we would need and also distance away from the factory. An example of suitable premises is shown to the left:

Finance section

Appendix 1 in the project brief says that £21,00 of interest will be paid each year. At a bank rate of 4.2% this means that IsaFlo needs to borrow £500,000

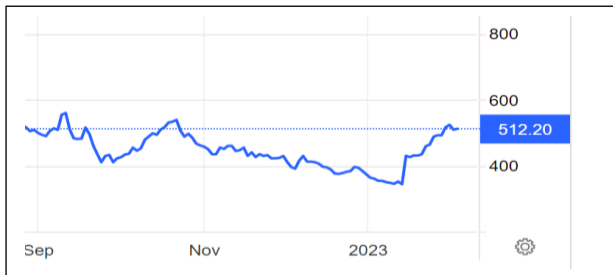
There are a number of possible sources of finance for IsaFlo's expansion.

Business angels are often successful entrepreneurs who are looking to invest in new ideas and will also provide advice. However, they usually finance small start-ups and IsaFlo already has a lot of experience, so this is not a suitable source of finance.

Retained profit has the benefit that it does not have to be repaid and there is no interest to pay, but it may not be enough. Looking at the sales in the first year IsaFlo will have to use some of its retained profit to finance the expansion in the first year only as the borrowed amount is not enough.

Borrowing can provide large sums of money that can be repaid over a period of time but interest does have to be paid. As IsaFlo is paying interest it must be planning to raise some of the additional capital required through borrowing. Interest on the loan is projected to be £21 000 per annum. If IsaFlo sells the predicted number of garden sets paying the interest should not present a problem in years 2 and 3 If the predicted sales do not happen the interest payments could be a problem as it is a legally enforceable payment and failure to pay could result in the assets of the business being seized and the eventual closure of IsaFlo. One solution would be to issue additional shares although this could mean bringing in another shareholder who will then have a say in the decision making and expect dividends. However, the number of shares issued could be restricted to ensure that I always have the deciding vote. The additional finance will be interest free and will not need to be repaid. The finance will then be available should the loan not be enough.

The day-to-day costs will also need financing. Initially all of the cash flow is out of the business as sales will not happen immediately. This will require the business to arrange an overdraft to ensure that in the first months the wages, suppliers and other costs will all be paid. Although the overdraft will be charged interest on the amount overdrawn on a daily basis, if there is cash in the bank there will be no interest to pay. Having an overdraft will provide the flexibility we need. A cash flow forecast will help identify the size of the overdraft we will need.



Costs

Raw material prices

<https://tradingeconomics.com/commodity/lumber>

I could not find data for the forecast price of wood in the UK but here is a graph of price of wood in dollars. You can see from the graph that the trend is upward and if this continues it is likely that we can expect price increases of our raw materials.

Assessor comments

The finance section is comprehensive and is an excellent analysis of the different types of funding required by IsaFlo. This is evident as the learner shows an excellent and detailed understanding that both long-term and short-term finance will be needed. The information from the project brief is highly relevant and used to develop the analysis.

AO1: excellent knowledge in all areas, especially the finance section.

AO2: excellent ability to apply knowledge and understanding to the scenario within the brief. The inclusion of a break-even chart would have conveyed the information more clearly.

AO3: excellent analysis and evaluation of the research that is highly detailed and highly relevant, supported with excellent justifications for their choice of research that is highly detailed.

Task 3: Business plan

Evidence	Executive summary	Assessor comments
<p>A fully completed business plan that includes:</p> <ul style="list-style-type: none">• executive summary• company description• market analysis• marketing• people and operations• financial plan. <p>Present your business plan in an appropriate format.</p> <p>You must include your internet browsing history used for research and planning purposes.</p> <p>You could use a range of the following to provide evidence for your plan:</p> <ul style="list-style-type: none">• written plan• annotated diagrams• digital presentation• screenshots• spreadsheets• graphs and charts• designs.	<p>The Company</p> <p>IsaFlo is a manufacturer of office furniture with a reputation for high quality and excellent customer service. It sells to retail outlets across the country and has an existing website that offers the facility to buy online.</p> <p>Legal structure: The company is structured as a private limited company with one shareholder who is the founder and the managing director.</p> <p>Management structure: The company has a flat structure. There is a managing director (founder), a finance director with one assistant, a marketing director with one assistant and one director with responsibility for people and operations. There is one factory manager and 25 shop floor staff. IsaFlo also employs 2 drivers.</p> <p>Ownership Background: Jill McAloon owns 100% of the shares. Has a degree in accountancy and prior to starting the business worked in a rival company for 10 years in a number of departments and roles, rising to the position of finance director. Left to start IsaFlo 9 years ago and has grown the company successfully in that time. Successfully steered the business through the pandemic without losing skilled staff.</p> <p>Goals and Objectives (of new product line)</p> <p>Year 1: To raise awareness of the brand as a manufacturer of high-quality garden furniture using (wood sustainably sourced) To make sales of 200 garden sets</p> <p>Year 2: increase sales by 300% To break even</p> <p>Year 3: to increase sales (on year 1) by 500%</p>	<p>The overall business plan demonstrates an excellent analysis and evaluation in all parts of the plan. The analysis is comprehensive and highly relevant to the scenario. Judgements made using the analysis are well reasoned and highly detailed.</p> <p>Structure and content are excellent. Presentation is one of the key points in a business plan, the use of headings and overall layout is excellent. There is excellent analysis that is always relevant.</p>

The product

IsaFlo is going to diversify into the market for outdoor furniture made from sustainable sources. It will manufacture and sell sets of (i) 4 chairs and a table (ii) sets of 6 chairs and a table with an extension. The sets will be made of teak, sourced sustainably.

Reasons:

Wooden furniture is where our expertise lies as IsaFlo currently produces wooden office furniture.

- Secondary research - for outdoor furniture made from sustainable sources suggests that there is an underlying trend for a growth in this market with an increase in sales of 25% between 2021 and 2023 and shows that the market for sustainable home furniture is set to increase by 5% by 2028
- Primary research - 22% of people questioned in our target market places sustainability as being in the top 2 factors that influence their choice when choosing outdoor furniture.

I asked 66 people their preferred choice of material for outdoor furniture and 76% answered wood. As IsaFlo already makes office furniture using wood, I have decided to focus on making wooden outdoor furniture. I asked 50 people what their first choice of wood is for outdoor furniture. 50% said teak with 36% said cedar. IsaFlo will start by making and selling teak garden furniture, as the majority stated this as their first choice. However I will also look into expanding the range offering outdoor furniture in cedar in the future as this was the 2nd most popular choice.

The secondary research showed that teak is offered by the major competitors (amongst other woods) so this would suggest that teak is a good choice.

My primary research told me that sets of outdoor furniture would be the most popular choice so initially IsaFlo will offer sets of 4 chairs and a table, and also sets of 6 chairs and extendable table with the option to add additional chairs.

Although this is a limited range it is the most popular so hopefully will attract the customers in Appendix 2 in the project brief. This will limit the risk of producing items which will not be saleable and so will go to waste, increasing the costs. Once I understand the market I hope to extend the outdoor range quite quickly to include coffee tables, parasols etc but this will be dependent on the success of the initial products.

The target market

IsaFlo's target market are homeowners who have gardens. They are located anywhere in the UK.

This is because it is less likely for people renting property to want to invest in spending on outdoor furniture as it may already be provided or renters would rather wait until they own their own home.

The target market will have gardens as this is the most likely place to need the outdoor furniture.

Our target market will also be in the higher socio economic groups as the furniture price will be at the more expensive end of the market, to reflect its high quality and to cover the additional costs of raw materials through sourcing from sustainable suppliers.

Our target market will be concerned about climate change and want to do what they can to help. I intend to promote the sustainable aspect of our outdoor furniture heavily which should help encourage sales. It is likely that our target market will be older than 30, and will have full time jobs and be in socio – economic groups A and B and will also be Facebook users.

Legal Structure

The business is a private limited company, currently with only one shareholder. The benefits of this are that my personal possessions are not at risk if the company becomes insolvent as all shareholders enjoy limited liability.

As I own 100% of the shares I can still make all the decisions and have 100% control. Speed of decision making can be vital when opportunities arise or threats (such as the pandemic) occur.

Should the expansion require additional finance I will consider raising more capital through issuing more shares and bringing in one other shareholder. I would still want to be the majority shareholder as I want to run the company my own way. However an additional shareholder would expect to be consulted on many of the decisions, especially the objectives of the business, and this could take the form of dividends which will reduce retained profit and may reduce any dividend I receive.

Currently I prefer to remain a limited company, despite the additional burden of lodging accounts with Company's House and having the accounts audited.

Finance

I will need finance for both short and long term needs. The long term finance will be to finance the purchase of fixed assets such as new fixtures and fittings, equipment and a possible factory extension.

This will be financed through borrowing from the bank. The interest payments on the loan will be £21,000 and this will be for a loan of £500,000 at 4.2%. However, it may be that the bank will not provide the whole amount required (appendix 1 in the project brief is only a forecast) so I will have to raise additional capital. This will be through issuing shares to another, or other shareholders. The benefits are reduced interest payments so increasing profit, possible lowering of risk as reduced financial burden on business and less to repay. But more shareholders will increase the need to share information and possibly include shareholders in decision making. There may be additional pressure to increase dividend payments reducing retained profit which could be put to other uses.

Short term finance will be needed to pay for the day to day running of the business such as paying wages and raw materials. It will also be needed to pay the interest on the loan. I hope to be able to pay these expenses through cash in the bank but this may not always be possible, especially there are low sales in a period or customers are late in paying. IsaFlo will arrange an overdraft with the bank. Although interest will have to be paid on the overdraft this will be worth it so that bills can always be paid on time. If IsaFlo manages its cash well through the use of a cash flow forecast it should be able to minimise the overdraft needed.

Assessor comments

Despite the learner producing a comprehensive and highly detailed executive summary, much of this information is repetitive and not necessary. It is only expected that a short sentence or two is produced on each element identified in the mark scheme, for example company name, product provided, or target market.

Market Research and Analysis

Market leaders / Competitor analysis

There are a wide range of businesses selling sustainable furniture online. Many of the businesses that came up on a google search sold upcycled or recycled furniture and/or focussed on non-wood products. Although this is obviously competition, my primary market research suggested that wood is the most popular material for outdoor products and most of our office furniture is made of wood so this is what I will focus on as our skills are in this area. My main analysis of the competition will be on those businesses that sell outdoor furniture made from wood. The top three search results are listed below.

I also did a search for wooden garden sets without the word 'sustainable' and there are plenty of these. Again, not direct competitors but looking at the price there is not a big difference in the price between the sustainable and non-sustainable retailers which could be useful for marketing purposes. I focussed on garden sets and compared table and 4 chairs and table and 6 chairs. The full breakdown of the research is in Task 2 Below is a summary of the two main online competitors.

	Strengths	Weaknesses
Sustainable furniture	Number 2 in search lists Customers include NHS, English Heritage National Trust Wide range of woods One of the best-selling online High quality website with a story	Charges for delivery of over £100 No social media presence No reviews from customers
Luxus Home and garden	Wood is from certified sustainable growers High quality website with a story Free delivery on orders over £500 On Facebook and Instagram Wide range of goods	Highest prices Indonesia supplier No reviews from customers

Looking at the strengths and weaknesses of the two competitors I believe that IsaFlo should match their strengths (as far as possible) and take advantage of their weaknesses.

Both competitors have very high-quality websites that have a strong focus on sustainability, their range of products and their high quality.

IsaFlo will have to invest in developing our website so that it presents a similar focus. One issue is that our office furniture is not from sustainable sources which could taint the brand image I am trying to promote. I plan to have a complete overhaul of our website to address this issue and possibly looking into adding a range of office furniture that is made from sustainable sources which should help raise IsaFlo's sustainability profile.

Assessor comments

The following section on market analysis shows that the learner displays an excellent and highly proficient demonstration and application of technical skills to create a market analysis that is comprehensive and highly detailed.

All aspects of the brief have been addressed in a comprehensive and highly detailed way with an excellent translation of business needs that is highly detailed and highly relevant, for example the learner has completed a strengths and weaknesses analysis of the competition and used this to make decisions.

Both competitors have a wide range of outdoor goods. I will not be able to compete with this initially but if the launch is successful this is an area that will be a priority for development. It would not be difficult to buy in ready made outdoor 'accessories' made from sustainable sources and sell these through our website. This would include garden benches, parasols and other garden furniture.

Delivery costs have been approached differently by the competition. As our sets will be priced over £500, IsaFlo initially offer free delivery on all garden sets.

Luxus is on Facebook and Instagram. IsaFlo will have a social media presence on at least one of these platforms. The primary research suggests Facebook so this will be IsaFlo's focus.

If I get positive feedback from customers, I will have a link on the website to customer reviews which could be a big selling point. See below.

<https://www.frontiersin.org/articles> Research shows that 93% of consumers say online reviews will affect shopping choices, indicating that most consumers have the habit of reading online reviews regularly and rely on the comments for their purchasing decisions ([Vimaladevi and Dhanabhakaym, 2012](#)).

There are other providers of outdoor furniture (see task 2) Although all in the list of top 10 eco brands, SMR 20: <https://makingagreenlifebylily.com/top-sustainable-non-toxic-garden-furniture-brands-in-the-uk-for-your-patio/>

the above website listed the top 10 eco-friendly brands for outdoor furniture suggesting there is a lot of competition, most of them do not offer the range of garden furniture I will be interested in selling initially. The primary research suggests that most people are interested in buying garden sets with 4 or 6 chairs with the option to add additional chairs. The most popular choice of wood was teak. Given that I am only just starting to enter this market IsaFlo has decided to focus on garden sets made of teak which it believes are most likely to sell. IsaFlo does not upcycle or recycle furniture so, other than 'Sustainable furniture' none of the others target exactly the same market.

Vinterior – sells vintage upcycled

Scaramanga - sells vintage upcycled

Nkuku – use all reclaimed wood – do not sell garden sets – make individual pieces

Rockett St George – makes unique pieces and upcycles, uses reclaimed wood

Sustainable furniture – make garden sets from sustainably sourced wood from Indonesia

Natural selection – despite a google search using different prompts I could not find this business

Envirobuild – only sell rattan furniture

Puji – sells a range of wooden sustainable furniture including garden sets.

Customer market research.

I carried this market research amongst my teachers, my family and their friends and also customers in the local Waitrose. A copy of blank questionnaire and the results and the is in appendices 1 and 2

I asked a number of filter questions so only those in my target market answered the whole questionnaire I have not analysed the answers here as I have used the information gained from the research throughout the business plan.

Questionnaire Filter questions

Are you a homeowner yes [] no []

Do you have a garden yes [] no []

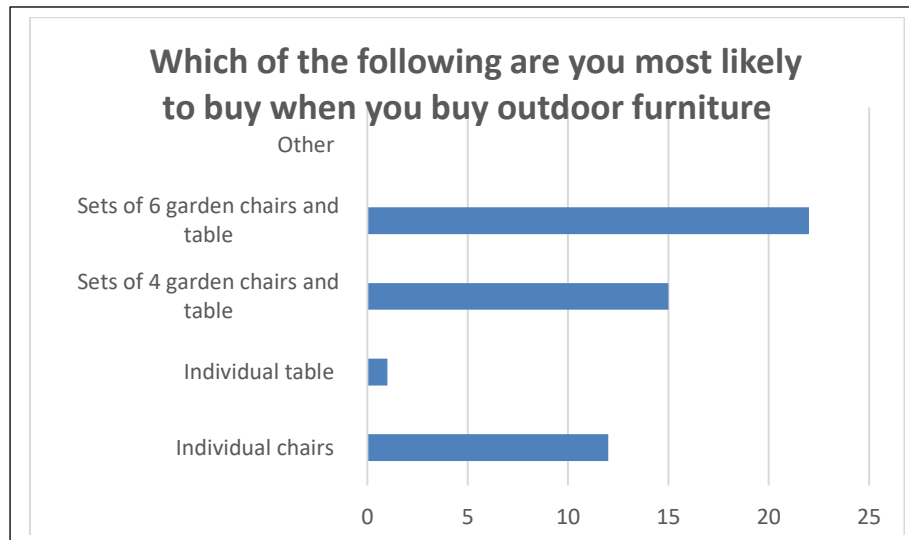
Are you in permanent employment yes [] no []

If buying outdoor furniture would your first choice be wood? Yes [50] no [16]

This told me that of 66 people questioned 50/66 (76%) preferred wood so this is what I will base the rest of the questionnaire on.

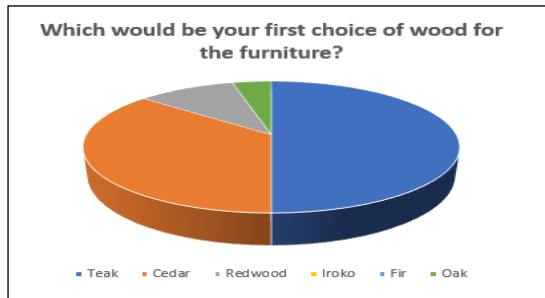
Results

Q1: Which of the following are you most likely to buy when you buy outdoor furniture?



I asked this question to inform what furniture IsaFlo should first introduce. The tables were not a popular choice but the sets and individual chairs will be available when we launch. Although the most popular are for sets of 6 chairs and a table, the break even calculations have been carried out on sets of 4 chairs and a table as this is the only information in the project brief.

Q2: Which would be your first choice of wood for the furniture?

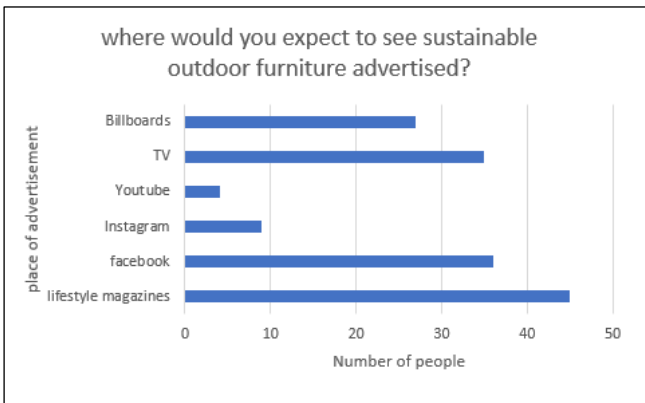


I asked this question to decide what wood(s) IsaFlo should choose. Teak is the most popular so we will offer this at first. If successful, the range will be widened to include cedar. One possible issue is that teak is only grown overseas so it may be more difficult to find suppliers.

Q3: where would you expect to see sustainable outdoor furniture advertised?

Lifestyle magazines: Homes and Gardens 10, Gardener's world magazine 3
Other: none named.

The answers to this question will help decide on the method(s) of promotion. However, customer answers will not be the only factor as cost is going to be very important. Both lifestyle magazines and TV were the most popular but the cost of these will be prohibitive. Facebook scored as high as TV and has many benefits. The average cost of reaching 1000 people is approx. £10 which is a lot cheaper than TV and as very IsaFlo can closely target its market this represents excellent value. The advert can include a direct link to the website and been shown more than once. This will be especially useful when IsaFlo has promotional offers.



Set of 4	
£901 - £1001	27
£1001 - £1101	23
Set of 6	
£1401 - £1500	14
£1601 - £1700	26
£1701 - £1800	10
£1801 - £1900	0

Q4a. What price would you expect to pay for as set of 4 outdoor chairs and a table made from sustainable wood?

£901 - £1000 [27] 1101 - £1200 [23] £1201 - £1300 [0] other [0]

b. What price would you expect to pay for as set of 6 outdoor chairs and a table made from sustainable wood?

£1401 - £1500 [14] £1501 - £1600 [26] £1601 - £1700 [10] £1701 - £1800 [] other []

This question was asked to help set the price. It is important to know what most customers are prepared to pay as this can help avoid setting a price too high and losing customers or setting it too low and losing possible profit. But our costs and also competitors prices are also important. The price of sets of 4 chairs and a table will be

£999 as has the benefit of being psychologically less than £1000 and also in line with competitors so will not appear more expensive but not so cheap as to suggest poor quality.

Q5: Please rank in the following factors that would influence your choice of supplier of outdoor furniture with 1 being the most important

	1	2	3	4	5	Total
Quality	13	20	17	0	0	50
Range	0	0	21	24	5	50
Price	35	10	5	0	0	50
See/touch	0	10	2	16	22	50

This question was asked to help make decisions about the product and also what factors should be emphasised when promoting the product. Price is the most important but given IsaFlo will use competitive pricing and that Appendix 4 in the project brief says people will pay up 25% more for sustainable products I am not concerned that the price set will deter customers. Quality is second most important. Again, this should not be a problem for IsaFlo as we already make and sell high quality furniture. The businesses use quality assurance which results in very few products being sold that have errors. Ability to see and touch was a relatively low priority. However, we will allow customers to visit our warehouse and in the future may consider selling the outdoor furniture through garden centres. This will reduce the profit on each set sold as the garden centre would want to take a share of the profit but it could widen the customer base and increase revenue.

Q6: Where are you most likely to buy sustainable outdoor furniture

This question was asked to see if there is an online market for outdoor furniture. If nobody bought furniture online then IsaFlo would have to reconsider its plan to sell through its website. 40% said they would buy online which is enough for us to continue. 44% said they would buy from a showroom so IsaFlo will have to consider the possibility of having a showroom and or selling through retailers (see above).

Marketing (covers product, place, price and promotion)

Product

Using the information from my primary research and looking at the websites of the 2 main competitors IsaFlo will initially launch 2 garden sets; 4 chairs and a table and also 6 chairs and an extending table. It will also offer a different type of chair for each set, but customers can trade up or down on the chairs and the price will be adjusted accordingly. We will also offer the purchase of the chairs individually. The sets will be self-assembly in line with our competitors. This will keep distribution costs down. However, for a small additional fee we will offer to assemble the garden furniture as part of our customer service. We will also provide information on how to look after the furniture and provide a free tin of teak oil with every order.



Assessor comments

The product section of marketing demonstrates excellent application of knowledge and understanding of the brief. The needs of the business are fully met in a comprehensive and detailed way.

Excellent use has been made of the market research, which has enabled both analysis and decision making at a high level, for example offering self-assembly is linked to keeping costs down but an alternative will be offered for an additional fee, or the reason for offering teak may allow for a discount, or the consideration of offering complimentary goods in the future.

Again, using the primary data and information from the competitor's website we will offer both sets initially in teak until we can assess the demand more accurately and carry out some more market research. This will keep our initial costs down and may help in gaining a discount from a supplier.

Once the business has a toe hold in the market the business will add to the range each year and also look to refresh the range. It is hoped to sell a range of complementary products such as cushions, parasols if these materials can be sustainably sourced.



Place

We plan to initially sell online as this is what our competitors do. This will reduce the rent and add-on costs of opening our own shop. We already have warehouse facilities and it may be possible to extend these. If not, we can rent warehouse space close to the factory.

20% of the people we asked ranked being able to touch and feel the product, as number 2 in importance when choosing a supplier. We may offer customers the opportunity to visit the warehouse by appointment. This will probably only be taken up by people living within an hour of the showroom but as we are in the midlands this includes a large area with many potential customers.

Price

This will be determined by a number of factors such as the need to make a profit, the need to be competitive, the need to provide the high-quality image that our business currently enjoys.

I could not find any information on the mark up for furniture. Some websites suggested between 100% and 200%, <https://www.ukbusinessforums.co.uk/threads/product-margins.38283.9/> if we added this mark up our furniture would be uncompetitive and it is unlikely that we will be able to sell many sets given we are not yet established in the market. We already have an existing profitable business so will use competitive pricing and set our prices in line with the immediate competition. We do not have to set a lower price as appendix 4 in the project brief suggests that one third of people who buy sustainable products will pay 25% more for them. Although 70% of my responses said that price was the most important factor, I believe that if we are in line with the competitors' prices this will satisfy them.

It would be good to **break even** in the first year and the biggest response on my questionnaire (54%) stated that they would pay between £901 and £1000 and 46% between £1001 and £1100. Looking at the competitor's prices this price would be in line with other sustainable furniture. If we charged £999 we would be competitive, maintain our reputation for high quality and could possibly offer free delivery in this price. It also is just under £1000 so psychologically might attract buyers.

Assessor comments

Place is dictated by the brief but learner has expanded on this enabling excellent application of knowledge and understanding that meets the needs of the brief. The inclusion of the map indicates some use of technical skills.

The section on price demonstrates an excellent and highly proficient application of technical skills. The break-even calculations are accurate and based on research findings so are highly relevant.

Using the data from Appendix one in the project brief and price decided by IsaFlo.

Break even = $171\,500 / 489 = 350.7$ So, we would only have to sell 351 sets to break even and will not make a profit in the first year. Below is a table of predicted profit in the three years, assuming both selling price and costs remain the same and predicted sales are accurate.

	Year 1	Year 2	Year 3
Sales (appendix 2 in project brief)	200	800	1200
Break even	351	351	351
Sales – Break even	(151)	449	849
Contribution per set	489	489	489
Profit/loss	73, 700 loss	219,561	415,161

These figures say that IsaFlo will make a loss on the sets of 4 chairs and a table in the first year which is not surprising as sales forecast are low as the product is in the introductory stage of the product life cycle. The fixed costs are spread over fewer sales so each set makes a lower profit than when more sales are made.

The initial loss is not too much of a concern as the existing business is profitable and can cover the first year's loss.

The sales figures may not be 100% reliable. An extract from the OECD website suggests that private consumption is expected to slow due to rising living costs, however the break-even is low enough that even if sales are less than forecast the outdoor furniture should still be profitable.

<https://www.oecd.org/economy/united-kingdom-economic-snapshot/>

Following a contraction of 0.4% in 2023, GDP is projected to increase by 0.2% in 2024. Consumer price inflation will peak at around 10% in late 2022 due to high energy prices and continuing labour and goods supply shortages, before gradually declining to 2.7% by the end of 2024.

Private consumption is expected to slow owing to rising living costs

However, even if sales rise slowly the venture looks as though it will be profitable.

Promotion

There are a wide number of ways that IsaFlo can promote its product. And there are many factors that affect this. The most important ones for IsaFlo are cost, the product itself, target market characteristics and their preferences for different types of media, stage in the product life cycle of the product.

As the product is in the introduction stage of the product life cycle the primary purpose of promotion will be to raise awareness of the product and to build its brand image. This suggests that advertising will be the most appropriate method. Offering discounts will be a consideration in January to be in line with our competitors.

Assessor comments

The table showing profit (loss) for 3 years also demonstrates excellent and highly proficient technical skills that are highly relevant.

There is an excellent analysis of the results that is comprehensive and highly detailed.

Excellent link to brief with reference to product life cycle.

The product itself is a consumer product aimed at a particular segment of the market who have the characteristics of high-income earners, homeowners with gardens, care about the environment and located across the UK. IsaFlo needs to choose method(s) of advertising that have a wide reach and will be seen more than once, over a period of time, as this is a new product on the market. The method that is chosen must be in line with the message of sustainability so a reduced carbon footprint may be important. The advert must also reflect the high quality of the product, so place, content and design are all important. The adverts must be placed where our target market will see it to have an impact.

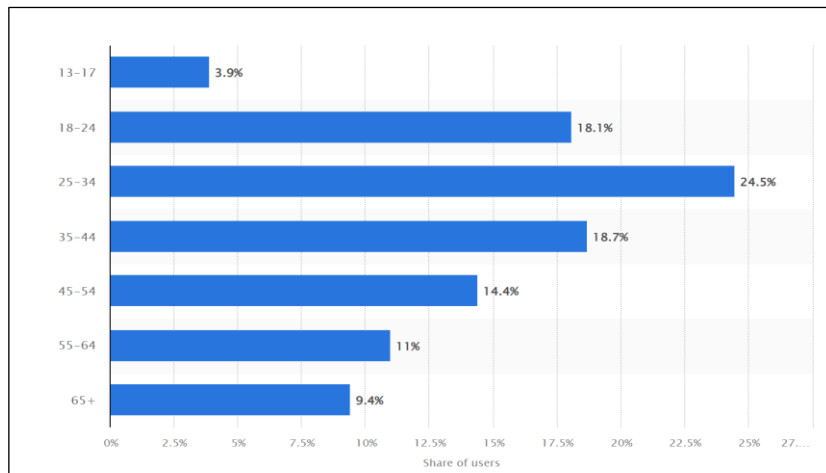
Cost is also a vital factor. It may be that initially the cost could outweigh the revenue generated as the brand image is established and the name becomes recognised for outdoor sustainable garden furniture. However, IsaFlo must also be aware that it must keep within its budget and monitor how successful the advertising is in generating sales. This can be done by asking each customer to state how they found out about IsaFlo.

All of the above suggest that the advertising method should have wide reach, be seen more than once, have low carbon footprint, be where customers will see it, reflect our brand image and be within budget.

The market research suggested consumers would expect to see advertising on Facebook, lifestyle magazines, TV, and billboards.

TV will be too expensive to place an advert at a time when our customers will see it, and billboards would have to be placed across the country to reach a wide enough audience so will also be too expensive.

Direct mail to our existing customers would be good as we do have their email addresses. However, there is no guarantee that our present customers are concerned about sustainability.



Our focus will be on Facebook and Lifestyle magazines
Secondary research
(<https://www.statista.com/statistics/1030055/facebook-users-united-kingdom/>) shows that 44.1% of the UK population aged between 34 and 64 use Facebook. I only looked up to age 64 as many people will be retired after that, which also suggests that Facebook would be a good medium to advertise.

Assessor comments

Excellent summary comments.

The promotion section is highly detailed and is highly relevant to the project brief. It demonstrates an excellent translation of business needs to the plan.

One other way that IsaFlo's product can come to the notice of the customer is through a Google search so it is important to ensure our brand comes on page one when the words sustainable, wood, outdoor furniture are put into google 'Lifestyle magazines'. I could not find the cost to advertise in the lifestyle magazine I wanted. The closest I could find was on the website below.

<https://www.communityad.co.uk/trades/what-are-the-costs-of-magazine-advertising/>

Magazine Advertising Costs for *Cosmopolitan*

Cosmopolitan is a great magazine to advertise in if you have a very big budget and if your content relates to fashion, as well as entertainment. You can also consider advertising in the magazine if you want to target women. This publication also offers different formats and a range of prices. These are formats and prices such as:

- Full page – in colour: \$268,000 (about £189,390); in black and white: \$215,000 (about £151,936).
- 2/3 page – in colour: \$201,000 (about £142,042); in black and white: \$161,000 (about £113,775).
- 1/2 page – in colour: \$182,000 (about £128,616); in black and white: \$145,000 (about £102,469).
- 1/3 page – in colour: \$135,000 (about £95,402); in black and white: \$107,000 (about £75,615).
- Second cover – in colour: \$342,000 (about £241,685).
- Third cover – in colour: \$296,000 (about £209,177).
- Fourth cover – in colour: \$362,000 (about £255,818).

Cosmopolitan is a glossy magazine with a wide reach and is the closest to the type of magazine IsaFlo would advertise in so I am assuming the advertising costs will be similar.

We would want a colour advert but smaller than half a page and would want it more than once. These prices may well be too expensive for us.

People

IsaFlo will also require one person to oversee the production of the garden furniture. I plan to offer this job through internal recruitment. The person needs to be familiar with our business and batch production method. It is important that the appointee understands that high quality is of primary importance. I believe I have the skills needed in house. If there are gaps in knowledge, such as using JIT, I can remedy this with training. I feel that internal recruitment will provide someone who will be highly motivated as I have recognised them. The successful candidate will be immediately productive as they already know the business.

As a furniture manufacturer IsaFlo already has many of the skills necessary to make the garden furniture. I will internally recruit some of the positions as some of our existing employees may want to work on production of the new product and this could act as a motivator.

Assessor comments

This section of people and operations shows an excellent and highly proficient demonstration of a people and operations plan that meets the needs of the brief.

The people section is highly detailed and very well thought through. The operations section addresses in detail the use of batch production and the requirement for additional space.

However, IsaFlo will need some additional employees such as warehouse staff. IsaFlo currently ships most of the office furniture to retail outlets who effectively store our products. The outdoor furniture will all be stored and sent to individual customers from our warehouse so this will require at least 2 more members of staff. The first year's sales are predicted to be 200 sets. As the sets are flat packed and will not all be made at once and then stored, initial storage requirement will not be that high.

IsaFlo will also need additional staff on the production line. To complete the batch production of the tables and chairs I will employ and additional 4 production workers and at least one other driver. I may need to employ one other person in the purchasing department.

Recruitment for these jobs will be done through the online jobs website 'indeed' as it is free to post job adverts and it is a well-known site so is likely to attract applicants.

One disadvantage is that it will take time to filter the applications and make a shortlist. To get the best candidates I will have to conduct interviews which can be done online, which will be time saving, but is not always as good as face to face and is dependent on the technology working.

I will also advertise on job centre plus as this is free and can be filtered by location so may attract local people, who I will be more likely to interview in person.

In total IsaFlo will need to recruit 7 new employees for the new venture and then also replace any that move from the existing production.

Operations

I will have to find a new supplier as I need wood from sustainable sources and also want to operate on a just in time basis.

As I will be making the furniture out of teak, I will not be able to use timber grown in the UK. This will mean buying imported wood which will increase our carbon footprint. However, IsaFlo will offset this by planting a tree for every set provided which will enhance our sustainable credentials.

The preferred supplier is eco-friendly.com. This supplier is in Mexico and is experienced in supplying worldwide. All the wood is grown in sustainable forests and is FSC certified. Here is a quote from their website which I will be able to use for marketing purposes.

“**FSC certification** confirms that the forest is being managed in a way that preserves biological diversity while benefiting the lives of local people and workers, ensuring it sustains economic viability”

One problem with buying imported timber is that it may not be possible to operate on a just in time basis so I may have to reconsider this approach if I am to use teak. This will have an impact on our storage requirements and therefore cost.

In addition, as the raw materials will be imported their cost will vary according to the exchange rate. As sterling strengthens the cost will go down and vice versa if it weakens. Since 2020 the overall value of the pound has weakened against the peso. Should the pound weaken further IsaFlo will have to decide whether to pass the increase cost onto its customers. Looking at the potential sales and profit figures IsaFlo would not immediately increase its prices as the margin of safety is so high.

Production method. - IsaFlo uses a batch production method for furniture and the same system will be used for the new garden products. This allows the flexibility needed for the 2 types of table and the chairs.

The factory operates 5 days a week. Batches of the smaller tables will be made on Monday and Tuesday morning, and then production will be switched to the extending table on Tuesday afternoon and Wednesday. Chairs will be produced on Thursday and Friday afternoon.

Premises and machinery

Initially I believe that I will be able to accommodate the additional machinery I need in the existing factory. Some of the existing machinery can be used to make the outdoor furniture as some processes are the same. However, I may need additional storage.

The decision is to use flexible storage from ‘Temporary Warehouses.’ Their website suggests that this can be arranged quickly and there is no minimum rental period. I have chosen this as cannot be sure of the demand for the new range. If there is little initial demand, there will be more furniture to store. In addition, the supplier I have chosen is unlikely to be able to supply us on a JIT basis so will definitely need this extra storage for raw materials. Once the pattern of demand has become more predictable, I can investigate warehouse space on a more permanent basis. And I have insufficient demand to make the venture worthwhile I can terminate our contract with Temporary Warehouses.

Assessor comments

This paragraph is an example of excellent knowledge and understanding that is highly relevant to the brief. There is excellent, comprehensive analysis.

There is some thoughtful work on operations (JIT), which could have been developed a little further, and interesting thoughtful work on people. The detailed discussion on how positions would be filled was linked to motivation, which was especially impressive.

Batch was discussed, showing a real appreciation for this method of production. There is real insight demonstrated.

Financial Analysis

The finance required for the expansion into the new market will be needed for both non current and current assets as well as paying the day to day expenses.

Long term finance needed is £500,000 to buy the additional equipment and machinery, a new delivery van, as well as any additional storage space. This will be borrowed over a 20 year period and will incur interest of £21,500 per annum.

If IsaFlo sells the predicted number of garden sets paying the interest should not present a problem in years 2 and 3. In year 1 an overdraft may have to be taken out as predicted sales may leave a shortfall of cash and it is vital that all the bills are paid and the interest on the expansion may not make it into year 2. Interest payments are a legally enforceable payment and failure to pay could result in the assets of the business being seized and the eventual closure of IsaFlo.

Additional finance may be needed to purchase non current assets and there are two options.

I could use the retained profit of the existing business which will carry no interest and will not need to be repaid but this will be less available to plough back into the existing business and less available to pay myself a dividend.

The company could issue more shares and approach another investor. I have already discussed the pros and cons of doing this. For the moment I will finance the purchase of non current assets through a long term loan.

Short term finance will be needed for the day to day running of the business. As a new business it is unlikely that the supplier will give me much of a credit period and it will be a while before revenue comes in from the customers. In addition utility bills, insurance, advertising and other costs will need to be paid, I will arrange an overdraft to cover these day to day expenses at least for the first year that the business is in operation. Interest will be charged on a daily basis so if the business is not overdrawn there will be no interest to pay. The overdraft will provide a safety net and the flexibility required. However if the bank feels that the business is in trouble they can demand that the overdraft be cleared with only 24 hours notice.

I will have to draw up a cash flow forecast which will help me see how much of an overdraft I should ask for at the bank

Break even

Selling Price = £999

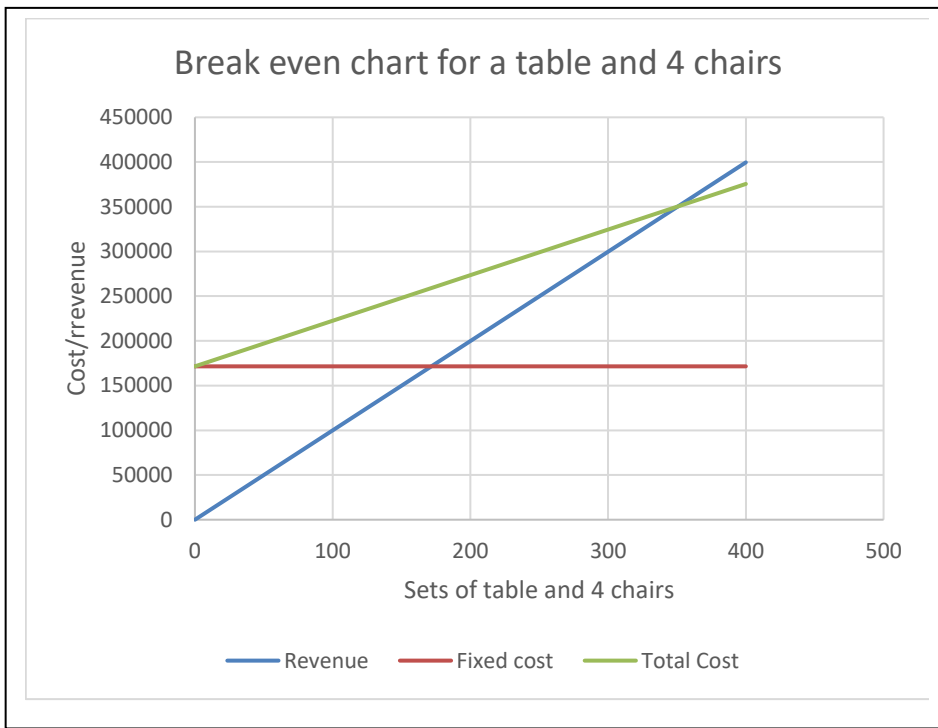
Variable cost = £510

	Year 1	Year 2	Year 3
Sales (appendix 2)	200	800	1200
Break even	351	351	351
Sales – Break even	(151)	449	849
Contribution per set (SP – VC)	489	489	489
Profit/loss	73,700 loss	219,561	415,161

Assessor comments

An excellent and highly proficient analysis of break-even that is comprehensive and highly detailed. This meets the needs of the brief in a comprehensive and relevant way.

The inclusion of the chart indicates a very high degree of technical ability and understanding.



The break-even analysis does assume that everything I make I will sell, which as a new venture, may be unrealistic. It also assumes that fixed costs will remain same. Given that inflation in December 2022 was running at 9.2%.

(<https://www.ons.gov.uk/economy/inflationandpriceindices>) this seems unlikely although the OECD does predict it will fall to 2.7% by the end of 2024.

(<https://www.oecd.org/economy/united-kingdom-economic-snapshot/>)

The analysis also assumes that the variable costs will remain the same. It may be that as orders for outdoor sets increase, I will be ordering raw materials in greater quantities and get a discount. But the trend in the price of wood is upwards so it may be that the price increases are greater than the discounts.

Overall, the total cost line may get steeper increasing the break even level of output. This will also be true if the value of pound sterling falls further against the peso. As the UK is in a cost of living crisis it may be unrealistic to set our prices so high and they may have to be reduced which would also increase the break even level of sales needed.

Following a contraction of 0.4% in 2023, GDP is projected to increase by 0.2% in 2024. Consumer price inflation will peak at around 10% in late 2022 due to high energy prices and continuing labour and goods supply shortages, before gradually declining to 2.7% by the end of 2024. Private consumption is expected to slow owing to rising living costs

The final sentence in the above quote is not optimistic so our forecasts may have to be reviewed.

Forecast Income statement for years 1, 2 and 3

The following are income statements based on Appendix 1 and Appendix 2 in the project brief

	Year 1 (£)	Year 2 (£)	Year 3 (£)
Sales revenue	199,800	799,200	1,198,800
Cost of sales	102,000	408,000	612,000
Gross profit	97,800	391,200	586,800
Expenses (including interest)	171500	171,500	171,500
Net profit	(73,700)	219,700	415,300
Gross Profit margin		48.94%	48.94%
Net profit margin		27.49%	34.64%

The income statement shows that a loss will be made in year 1. I am not concerned about this as it is a new venture and we will not be known for producing outdoor furniture. The profits of the existing business will cover any losses. In addition, a business can make a loss and still survive as long as it can continue to pay its bills which we will be able to do.

The predictions for years 2 and 3 are healthy and suggest rising profits and profit margins. As the fixed costs are spread over a larger number of sales the net profit margin is expected to increase assuming that the fixed costs remain the same. However, there may well be costs that have been overlooked which will reduce the profit and also the profit margin.

Assessor comments

The income statement demonstrates a very high degree of technical skills that meets the needs of the brief.

There is an **excellent** translation of business needs to the market analysis that relies on **excellent** application and understanding of all aspects of the brief. The technical skills are **highly proficient** and demonstrated in highly relevant Google searches, construction of the questionnaire and the critical interpretation of information.

Task 4: Review and evaluation

Evidence

You **must** provide:

- your review / evaluation.

You could use the following formats to provide evidence of your evaluation:

- written responses
- annotated screenshots
- digital presentation.

The accuracy of my business summary

I believe the business summary was accurate as I used the information from the stimulus. As I was not given some of the information, I did have to make some of it up such as the organisational structure and the number of people working there. As I have never worked in a factory like IsaFlo I do not know if my **ideas were accurate**.

If I had more time, I could have researched the typical structure of a business like IsaFlo.

The accuracy of the timeline

My timeline was not at all accurate as everything took so much longer than I expected. It took quite a long time for me to get 50 people to answer my questionnaire who fell into my target market. I managed to ask a number of teachers but had to go to Waitrose on 3 separate occasions to get enough answers as people were too busy. Also analysing took longer than expected.

In addition, it was not always possible to use the computer in our lessons, or the network was down. Our teacher was also ill for a week so we could not do any work on the assessment. I found it difficult to know what information would be useful and what I would not need.

My timeline did not take account of the February half-term when I was on holiday so I could not do any research. This pushed back the time when I finished.

To improve I could have thought more clearly about what information I needed in my business plan and stuck to it. Quite often when looking for some information I would open websites trying to decide and read a lot which was not useful when I should have made my decisions more quickly. As time got shorter to carry out the research, I got better at doing this. However, I did still gather information which I did not use in the end which was time consuming.

Assessor comments

The review and evaluation address all the required elements of this section.

The learner has made an assessment of the level of accuracy of the business summary and has been thoughtful and imaginative in approach.

There is an excellent assessment of the accuracy of the timeline, identifying areas of weakness and how they could be improved.

The effectiveness of my research

I thought my secondary market research was quite effective. I looked up a lot of different sources that were useful but I also spent some time reading through websites that proved not to be very useful as I have mentioned. I would not be surprised if there are more than two businesses that would be IsaFlo's main competitors but I didn't have the time to do any more research so I had to rely on the information I had found.

Some information was very difficult to find such as advertising costs in lifestyle magazines as when I looked companies wanted to give a quote specific to a business and did not have price lists on their sites.

I had planned to buy some lifestyle magazines but they were very expensive so I decided not to. This could have been a very useful source of information but I would have to have bought a lot to have got a clear idea of which was most appropriate to advertise in. This would have been far too expensive for me. So perhaps buying just one magazine would have been no better than buying none.

I struggled to get the primary research I wanted. Also, I am not sure that 50 people is a big enough sample on which to make accurate judgements. IsaFlo's target market is across the whole country, yet my sample was within a 5 mile radius of my home which may not have been representative of the overall target market. This means that the decisions made based on the research may not have been true of the market as a whole. Many of the decisions made were based on this research so decisions made may not have been the best leading to failure of the product.

I am not skilled in writing questionnaires and if I were to do this again, I would try and get some advice from an organisation such as the Prince's trust.

It was only when I was completing my business plan that I realised that additional sources of information would have been useful. If I had spent longer planning and been more thorough in working out the information, I would need to complete my plan, I would have had more useful information. The plan could have been completed in more detail, but time was restricted and to have provided more detail I would have needed more information.

The section of business plan that was most difficult to complete was the section on people and operations. The case study did not give very much information, so I had to make some of it up. I did not feel confident that I had included sufficient information. I did not know what the layout of the factory is and if there would be enough space or equipment to make the outdoor furniture. More information would have helped say more about how batch production would work and the number of people needed and also the skills needed.

Assessor comments

This section is an excellent analysis and evaluation of the research carried out, expressed in a comprehensive and detailed way.

The marketing section was also quite difficult as I could not find information on the cost and reach of different types of marketing. There are so many different methods to choose from I did not have the time to discuss them all so I just chose two so that I did not run out of time. If I was to do this again, I would spend much longer on the marketing section as this could be the most important part of the marketing mix. When the product is in its introduction stage it is vital that potential customers know about the product, and I don't think I gave this sufficient thought.

I was pleased that I could complete the break-even chart for one set of tables and chairs and the fact that it makes a loss in the first year seems to be realistic. However, there was not nearly enough information on the finance section. The figures provided were for only one set of table and chairs but it is unlikely that a business would launch with just one set. I decided on two sets but I believe that this is probably unrealistic. The cost information was not very detailed, so it was difficult to know how much was available for such things as advertising. I would like to have been able to complete a cash flow forecast so I could predict any cash shortfall in the first year, but there was not the information to do this.

My business plan could be improved by being better organised. I have included some information in an appendix but to impress an investor I believe the layout should be much clearer and a lot of the information put in a detailed appendix at the back.

The main points could have been in a PowerPoint or video presentation that highlighted the key points and then any questions could be answered at the presentation. It would have been good to have included more information on the products themselves such as pictures. I felt that I needed to more time to 'smarten up' my business plan.

If I were to do the project again, I would plan what research I needed much more carefully and so would waste less time collecting information I did not use. I would take more time learning the business studies knowledge such as break even so that when I came to do these it would not take me so long. And finally, I should have updated my timeline as I went along so that I could keep track of where I was. I did not really use the timeline once it didn't work and so wasted time working out where I was up to. It was difficult as there were big gaps sometimes between lessons when we worked on this project, and it was difficult to know where I was up to.

Assessor comments

Overall, the learner has completed an excellent analysis and evaluation of the success of the final business plan in relation to the brief.

There are thoughtful and imaginative ways to improve the plan (for example, a video presentation, a question and answer session, and use of pictures) though more detail could have been included.

Appendix 5: Questionnaire

Filter questions

Are you a homeowner yes no

Do you have a garden yes no

Are you in permanent employment yes no

If buying outdoor furniture would your first choice be wood? Yes [50] no [16]

This told me that of 66 people questioned 50/66 (76%) preferred wood so this is what I will base the rest of the questionnaire on.

Questionnaire proper

Q1: Which of the following are you most likely to buy when you buy outdoor furniture? Tick 1 only

Individual chairs

Individual table

Sets of 4 garden chairs and table

Sets of 6 garden chairs and table

Other

If you ticked other, please specify _____

Q2: Which would be your first choice of wood for the furniture? Tick 1 only

Teak

Cedar

Redwood

Iroko

Fir

Oak

Q3: where would you expect to see sustainable outdoor furniture advertised? Please tick.

Lifestyle magazines If ticked please state which _____

Facebook

Instagram

Other social media sites – please name _____

TV

Billboards

Other _____

Q4: What price would you expect to pay for as set of 4 outdoor chairs and a table made from sustainable wood

£401 - £500 £501 - £600 £601 - £700 £701 - £800 other

What price would you expect to pay for as set of 6 outdoor chairs and a table made from sustainable wood

£501 - £600 £601 - £700 £701 - £800 £801 - £900 £901 - £1000 other

Q5: Please rank in the following factors that would influence your choice of supplier of outdoor furniture with 1 being the most important

Quality of product

Range of product choice

Price

Being able to see/touch the furniture

Sustainability

Q6: Where are you most likely to buy sustainable outdoor furniture

Company website

Amazon

Showroom

Other

I asked 66 people to complete the questionnaire. These were teachers, my parent's friends and I also asked people in my local shopping centre on a Saturday morning.

Appendix 6: Questionnaire results

Q1							
Individual table	10		Q2	Teak	16		
individual chairs	10			Cedar	10		
Set of 4 garden chair	12			Redwood	9		
Set of 6 garden chair	18			Iroko	1		
Other	0			Fir	2		
				Oak	12		
Q3							
Where advertised	Number of people		Q4	Set of 4			
lifestyle magazines	45			£901 - £1000	27		
facebook	36			£1001 - £1500	23		
Instagram	9						
Youtube	4			Set of 6			
TV	35			£1401 - £1600	14		
Billboards	27			£1601 - £1800	26		
				£1701 - £1900	10		
				£1801 - £2000	0		
Q5							
	1	2	3	4	5	Total	
Quality	13	20	17	0	0	50	
Range	0	0	21	24	5	50	
Price	35	10	5	0	0	50	
See/touch	0	10	2	16	22	50	
Q6							
Company website		20		Q7	Teak	25	
Amazon		8			Cedar	18	
Showroom / shop		22			Redwood	5	
Other		0			Iroko	0	
					Fir	0	
Q8					Oak	2	
Individual chairs	12						
Individual table	1						
Sets of 4 garden chair	15						
Sets of 6 garden chair	22						
Other	0						