

Non-Examined Assessment

Band 2 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 2/third 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.

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.

An entrepreneur is a risk taker – he/she must organize the other factors of production, raise the finance, have the business idea and organize everything. He/she will need to understand marketing and the 4Ps and how these matter if the business is to be a success – the 4Ps are product, place, price and promotion.

Action Plan

Isaflo is a furniture manufacturer, it wants to start production of garden furniture. These will be made from wood and the wood will come from a sustainable source. Appendix 4 tells me consumers would pay more if the wood used is from a sustainable source.

Key points from the 4 sources of information provided:

Task 1. Source 1 (Appendix 1) – I can use this to produce a break even chart and also will need the data to produce a forecast income statement.

Source 2. Sales in Year 1 are quite low (200) but grow really quickly and will be selling 1200 in Year 3. This suggests the business may make a loss in Year 1 but I won't know until I have done the breakeven calculations.

Source 3. (Appendix 3) This year sales for the total market are forecast in the market are set to be £45m and will rise by about 11% next year to £50m. This tells me the demand for my products is likely to grow over time.

Source 4 (Appendix 4) This again suggests some consumers will pay more for garden furniture - about 1/3 will pay more if it's made from a sustainable sources.

Other information needed with reasons

I will need the following:

- information about competitors – I will need this as it will affect decisions as to what price to charge and what my tables and chairs need to look like to be competitive
- information from potential customers – I will need to find how much they are prepared to pay otherwise I may end up charging not enough and so miss out on profits or too much so lose out on sales

Assessor comments

Sound explanation of the role of an entrepreneur – no explicit mention of people and operations. The learner has clearly used/referenced the 4 sources provided with the brief – some brief but good analysis of how the sources provided with the brief will be used.

AO1 **Good** ability to summarise additional information that is **relevant** in relation to the brief.

AO2 **Good** ability to apply knowledge and understanding to the scenario within the brief. Other information identified as needed are **suitable** selections, that are **detailed** and **relevant** to the business scenario but are not comprehensive – no mention of JIT or batch production.

AO3 **Good** analysis of the brief, showing some analytical thinking skills, with **reasoned** justifications for the additional information needed.

- how many extra employees I will need and how much I will need to pay them. I need to know this so I can calculate costs and be able to do a break even calculation
- where I will get the sustainable wood from (suppliers) to make the tables and chairs. Without suppliers the business is a nonstarter – so I need suppliers who I can rely on
- how much it will cost to advertise and promote this new range of tables and chairs (on the radio, in magazines, in newspapers, on the internet) – I need to know this so I can decide which methods I can afford.

Dates	Task details
8 January	Start Task 1. Draw up a timeline outline and describe the business overall and its plans for the future. 30 minutes.
10 January	Task 1. Key points noted from sources, Source 1 (Appendix 1) – I can use this to produce a break even chart and also will need the date to produce a forecast income statement. Source 2. Sales in Year 1 are quite low (200) but grow really quickly and will be selling 1200 in Year 3. This suggests the business may make a loss in Year 1 Source 3. (Appendix 3) This year sales are forecast in the market are set to be £45m and will rise by about 11% next year to £50m. Source 4 (Appendix 4) This again suggests some consumers would pay more for garden furniture then about 1/3 will pay more if it's made from a sustainable sources. 30 minutes. Identify, with reasons what else I need to find out to make and sell this new product range,
15 January	I will complete my timeline for each part of the task
	15 January Task 2. I will start my internet research into the market for garden furniture and my main competitors. 1 hour
17 January	Task 2. I will undertake internet research into marketing and marketing costs and sources of finance. 1 hour
22 January	Task 2. I will, design a questionnaire to collect primary research and a tally sheet to record my results, 30 minutes
24 January	Task 2. I will conduct my questionnaire at 2 local supermarkets which are close to each other – Sainsbury & Lidl, 1 hour
31 January	Task 2. I will analyse my market research findings, 1 hour.
2 Feb	Task 3. Start my business plan: 1 hour <ul style="list-style-type: none"> • executive summary • company description.
7 Feb	1 hour market analysis – analyse market research
9 Feb	1 hour market analysis
14 Feb	1 hour people plan part 1
16 Feb	1 hour people plan part 2
28 Feb	1 hour operations plan part 1
2 March	1 hour operations plan part 1
7 March	1 hour financial plan part 1
9 March	1 hour financial plan part 2
14 March	1 hour – complete and check business plan
16 March	Task 4 Start Review and evaluation
21 March	1 hour – I will review each stage of my project, considering areas of strength and areas for improvement.
23 March	<ul style="list-style-type: none"> • 1 hour – I will complete the following • How accurate was my business summary • How accurate was my timeline. Amendments I made and why • How effective was my research. Did it provide relevant and sufficient information to allow me to complete the tasks? If not, how could it be improved? • Which section of business plan were most difficult to complete and why? • How could I have improved the business plan?

Assessor comments

Timeline is fit for purpose, well laid out and detailed.

Evidence

Information and sources of information relating to:

- competitor analysis
- marketing
- people and operations
- finance.

You must also:

- 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

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

- written report
- annotated diagrams
- digital presentation
- graphs and charts
- video.

Task 2: Research

Research findings report

I used both primary and secondary market research and tried to get both qualitative and quantitative data.

I mainly used the internet to do my research as it was the only way I could get information that was recent and allowed me to get detailed information - If I had a lot of money I could have bought a detailed market research report on the garden furniture market from a company that specialises in market research but his would have costs over £1400. A real business might have done this but obviously I could not.

I needed to do primary research to find out how much people would pay for garden furniture made from sustainable wood and what size table they wanted – I could not find this out using secondary market research.

For my primary research I created a questionnaire and interviewed 50 people – I did this outside 2 different supermarkets – these were Sainsburys and Lidi – I chose these as I thought the people going to these were likely to be different as Lidl is a supermarket that charges lower prices so might attract customers on lower incomes. Sainsburys is more “up-market” so should attract people who are better off. I hoped this would give me a wider range of people to answer my questions.

I used Google for all my internet searches and tried to find out information on the following:

- **The market for garden furniture** - I need to know if there really is a market for what IsaFlo intends to sell and if that market is growing
- Who would be my main competitors – I need to know this so I can make sure I use the 4Ps in a way that helps me stand out from these competitors
- How much I would need to pay extra workers I hired – I need to know this so I can calculate profitability
- Information about batch production and Just in time stock control to see if these methods already used by IsaFlo, should still be used or not for the new product (garden furniture).
- How I could raise the finance to begin making and selling garden furniture – IsaFlo will need to borrow to build a factory extension and buy new equipment so I need to know where this can be raised and which is the cheapest and most available source of finance.

Assessor comments

Reasoning for approach adopted is sound.

This may have been an error by the learner as the product being launched is expensive and suggesting a need to find responses from "lower income" groups.

This is good planning and if completed in detail would provide the data needed by the learner

Questionnaire is in the appendices. Might have helped if the 6 questions were listed here.

Perhaps Q3 could have been used as a filter as perhaps replies from people who bought metal or rattan furniture are less relevant. All questions have relevance and has used the data from their **tally charts** to draw sensible conclusions - analysis is good.

Questionnaires

I asked 6 questions.

Q1. 44/50, 88%, of the people asked had bought garden furniture in the last 5 years. This suggests that there is a market for me to enter.

Q2 was about where they bought it from. I found that most bought it online, 23/44 (52.27%). 19 people bought it either from a garden centre or a DIY shop (42.18%). I was surprised to find that some people bought their garden furniture from Next and M&S as I did not know they even sold it. This supports my decisions as a business to sell only online but does mean that nearly half of the county won't be interested in my garden furniture as they buy from shops.

Q3 was about what the furniture they bought was made from. The 2 biggest answers were wood and metal – wooden furniture was bought by 18 people (40.19%) and furniture made from rattan by 16 (36.36%). Metal and plastic were much less popular with only 6 choosing metal furniture (13%) and 4 choosing plastic (9.09%). My business makes wooden furniture so this tells me that we should make either wooden garden furniture or furniture from rattan.

Q4 was about the size of the tables and therefore how many chairs they would also buy. The majority (22) bought a 4 seater table (50%) and the next biggest group (12) bought a 6 seater table (27.27%). Far less bought 8 and 10 seater tables with 8 seaters bought by just 6 people (13.64%) and 10 seaters by 4 (11.1%).

Q5 was about how much people interviewed spent on the garden furniture. The 2 biggest groups were £701 to £900 and £901 to £1100 – with 31.82% in the £701+ group and 27.27% in the £901+ groups. This tells me that I need to choose a price for my garden furniture somewhere between £3700 and £1100.

Q6 was about the type of house people lived in – most 30/44 lived in a semi-detached house (68%) and I know that these will have a garden so they may need garden furniture. Only 2/44 (4.5%) lived in flat and many flat owners don't have a garden.

My tally charts showing the Questionnaire and the results are in the Appendices – see Appendix 7

The market for garden furniture

The pandemic led to an increase in demand for garden furniture as people spent more time at home rather than at work and also shortages in supply as some furniture makers were closed. These shortages are expected to continue in 2023 according to "furniture news.net". A garden furniture retailer MODA said sales had grown quickly (September 2021).

British garden furniture retailer **Moda Furnishings** reports that it has doubled in size in the past year and has seen furniture sales increase by over +60%.

According to Ststaista.com the UK garden furniture market is expected to grow by 1.61% between 2023 and 2027. This not a big growth but at least the market is growing.

The market for garden furniture

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Marketing

I wanted to find out how competitors advertised and how much the advertising would cost.

The first thing I found out was that a week-long campaign that uses a 30 second ad (minus production costs) could cost anything from:

- £500 on a local station
- £2,500 on a regional station
- Upwards from £10,000 on a national station

I also found out that I would have to pay £250 for a ¼ page advert in a local newspaper and £30,000 for a full page in a national newspaper such as the Daily Mail.

A table of data on internet searches for garden furniture showed that's rose rapidly in the Spring eg April/May. However, the same article also had bad news for my business as it said.

“a healthy proportion of people who buy garden furniture like to see it in person, touch and feel it. Customers tend to visit Garden Centres within a ten – fifteen mile radius. And then they will either buy there and then or go home and complete the transaction on-line.”

I also found out that if my business was to be found easily on internet searches I would need to pay per click – an article said I could expect to pay 1p per click so if 5000 people, clicked on my link.

Operations

I did research into the Living Wage in the UK and found:

For 2023 for over 23s will be £10.42 per hour. For those aged over 23, £10.18 for aged 21/22 and only £7.40 for the 18-20 year olds.

I also did research into batch production and JIT and found out the advantages and disadvantages of both of these.

Eg Batch production.

Advantages of batch production

Making in batches is cheaper than using job production.

Can still make products that different customers want.

Can use specialist machinery and skilled workers.

Disadvantages of batch production:

Time can be wasted lost switching between batches.

Will need to keep stocks of raw materials.

Assessor comments

Whilst the tally charts are useful the learner could have presented the data visually, for example, pie charts, bar charts.

The research information found on newspapers is useful but information about "pay per click" is not explained in any detail.

Overall, not a lot of research into costs of marketing.

This research has relevance for the brief.

Whilst this research is accurate it will be difficult to use this is in the actual Business Plan in task 3. the research into people and operations overall is satisfactory and accurate.

JIT

Advantages of JIT

Less space needed to store wood.
The business will no longer have large amounts of money tied up in stock.
Less wastage and lower costs overall.

Disadvantages of JIT

May be delays in deliveries which could stop table/chair making.
If this happens customers' orders may not be met on time – not good for business reputation.
Less likely to get a discount for buying in bulk.

FINANCE

I did research into the different ways in which I could raise finance and these included:

- Bank loans – secured and unsecured
- Overdrafts
- Selling shares
- Getting finance from the government.

Analysis of my research findings

The market

The market for outdoor furniture is very competitive with many quite small firms selling a wide range of furniture from different materials, Prices range from low (below £100) to high (£1000+).
The number of suppliers is huge – this is shown in my research (see file Garden forum) – this showed link to over 110 manufacturers 18 of the 110+ businesses use teak so this makes the market quite competitive.
The market for outdoor furniture is growing.
Appendix 2 supports this as it forecasts a 10% growth in the market for outdoor furniture by 25% between 2021 and 2024.
This is shown below in a bar chart.

Assessor comments

There is no detail provided by the learner on what they found out about each of these sources of finance.

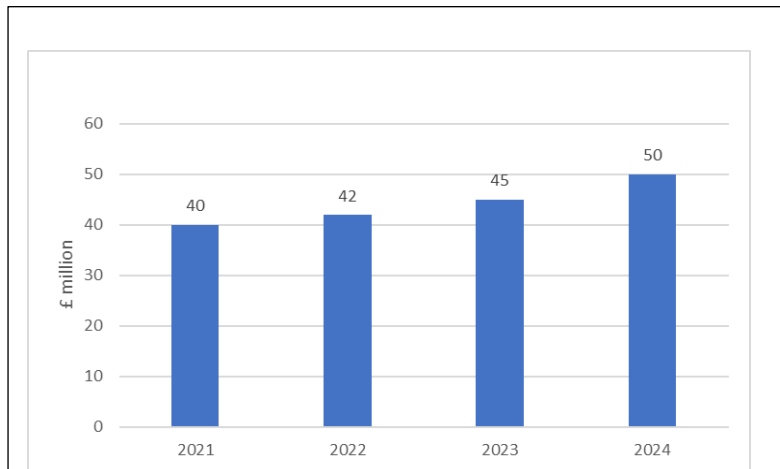
This shows the learner has established that the market being entered is competitive.

Next page:

Here we can see sensible use of data supplied with the brief. All 3 points made here are logical and suggests sound analysis.

The learner has made a decision to focus on 3 competitors – logical decision as research into 18 businesses would take too long and be counterproductive.

Forecast UK sales of outdoor furniture from sustainable sources



Source: Garden Furniture Trends ABC PLC

The pandemic, with lockdowns and more people working from home lead to a significant increase in families making a greater use of their gardens and many ordered new or extra garden furniture.

My research suggests that some customers place a value on outdoor furniture that can be left out all year and can withstand rain, hot weather and snow as many do not have dry storage spaces to store them in winter months.

The pattern of sales varies through the year – sales rise very quickly in the spring (March and April) and fall off sharply in the autumn (September onwards).

The market for outdoor furniture is very competitive with many quite small firms selling a wide range of furniture from different materials. Prices range from low (below £100) to high (£1000+).

The number of suppliers is huge – this is shown in my research (see file Garden forum) – this showed link to over 110 manufacturers and of these the word “sustainable” was found in only 2 of the company descriptions from Google (but might appear somewhere else on their websites) and these are:

- www.sustainable-furniture.co.uk
- www.chairsandtables.co.uk

However, many do make the furniture from teak which is my chosen material – in fact 18 of the 110+ businesses use teak, so this makes the market quite competitive. If I had the time, I would go on all 18 of these business websites to see if they mention sustainable. I went on 3 at random.

<https://bestteakgardenfurniture.com/>

no mention of “sustainability”

<https://chic-teak.co.uk/>

clear statement on 1st web page

“All of our teak comes from ecologically managed and sustainable plantations”

<https://www.jati.co.uk/>

A clear statement about sustainability at start of its website:

“Jati is a leading manufacturer and supplier of sustainable teak garden furniture with over 30 years of experience”

This suggests to me that most of these 18 companies will be selling sustainable teak garden furniture, and all are online, so I am entering a quite competitive market. I will also use these 3 businesses when I look at marketing and pricing decisions.

I decided to use 2 of these businesses to see the range of products they offered.

1, Jati (www.jati.co.uk)

They have a huge range and below are details of just some of the sets they offer and their prices which are, I think, beyond what many [people could afford so they must be selling to high income customers.

Example products and their prices from the Jati website are shown in Appendix 5.

2. CHIC TEAK (chic-teak.co.uk)

Again, they stock a very wide range of products, and you can choose how many chairs to buy with a table etc.

Examples of the products, prices and their flexibility in terms of choosing table types is shown in Appendix 6.

MARKETING

Product

The furniture will consist only of:

Chairs and table sets – 4 chairs and a table.

These will be made from hardwood from sustainable sources – the wood used will be teak. This is different from the wood used for its office furniture products which is pine.

In Year 4 if targets have been met and the business is established in the outdoor furniture market Isaflo will launch a range of additional items such as hammocks, recliners etc.

Customers will be able to choose from a range of 4 tables, varying in size – the smallest seats 4 people and the largest 10 people.

Chairs – there are 2 designs, carvers and straight backs.

Place

These will only be available to be bought online from the Isaflo website.

Price

The tables will be priced as follows:

To seat 4: £500
To seat 6: £750
To seat 8: £1000
To seat 10: £1250

Chairs will be priced at £200
Table and chairs sets will be priced as follows:
a set of 4 chairs and a 4 seater table will sell for £1300
a set of 6 chairs and a 6 seater table will sell for £1950
a set of 8 chairs and a 8 seater table will sell for £2600
a set of 10 chairs and a 1 seater table will sell for £3250

Promotion

The chairs will be advertised on the Isaflo website.

My research show that there are many online competitors in the sustainable garden furniture market and that I will probably have to use “pay for click” advertising – this is to make sure that Isaflo appears near the top of a list when somebody searches for “sustainable teak garden furniture”.

Assessor comments

The learner has now decided not to use 3 but to use just 2 businesses for detailed analysis.

The actual analysis below is brief and tending towards the descriptive.

However, the business later offers bigger tables with more chairs.

The learner could have discussed the advantages and disadvantages of ONLY selling online.

The learner has not, as yet, explained how they set these prices. This is limited – not explained costs of “pay per click”.

Operations

Isaflo uses a batch production method for furniture and the same system will be used for the new garden products, This allows the flexibility we need for the 2 types of chairs and 4 types of table.

Just in time stock control is used in the making of the current furniture range. For the first 6 months we plan not to use JIT as all the teak for making sustainable garden furniture comes from abroad and we want to make sure we have enough wood to meet demand and keep the factory running. We will review the position every 6 months to see if JIT is possible. We have initially agreed to buy teak from 2 different suppliers one India and one in Thailand. **Isaflo will need to hire additional staff**. 15 new employees will be needed. As these will need to be semi-skilled then Isaflo will offer a wage which is 50% above the Living Wage of a 23 year old.

In 2023 the Living wage for a 23 year old is £10.42 per hour so Isaflo will offer £15.63 per hour. A manager will be needed for the new section, and this will be only advertised internally as we want to appoint somebody with experience of how Isaflo works to run the new section of the business. This is important as currently customer service is rated at 98% positive and less than 0.1% of furniture is returned due to poor quality. Isaflo want to match these levels for their new product range.

Finance

Finance is needed to purchase new equipment, recruit new employees and purchase teak before production can begin. I have calculated that £500,000 will need to be raised.

My research shows a number of sources such as:

Government grants are not available for a business making garden furniture in the Midlands.

Angel investors tend to prefer to invest in small, start-up businesses so would not be interested in Isaflo.

Isaflo is a private limited company so can only sell shares to people known to the business and cannot sell them on the stock exchange. This makes it more difficult to raise the finance needed through a share sale.

I decided a bank loan is more straightforward. Isaflo is an established business and is profitable. A bank will be asked for a loan of £500,000. The current interest rate is 4.2% so the interest in Year 1 would be £21000.

The following information has been used from the sources provided (Source 2):

Variable cost per set of chairs	£510
Interest on loan per year	£21 500
Other fixed costs per year	£150 000

I will use this to calculate break-even – this will be in the financial plan section of the business plan (next section).

Assessor comments

Analysis/discussion of JIT is good and well thought out.

The learner has not explained how batch production will be implemented.

Explanation of People is sound and the link to customer service in the brief is a sound link.

Sensible points made on each source of finance. Used the data from Source 2.

Internet Browsing History

[Jati Sustainable Teak Garden Furniture](#)

Searched for [jati teak](#)

Viewed [Jati](#)*

Visited <https://chic-teak.co.uk/>

Viewed [Chic Teak Garden Furniture](#)

Searched for [chic teak](#)

Visited [Outdoor Furniture - UK | Statista Market Forecast](#)

Searched for [outdoor furniture market uk](#)

Visited [Fortune Business Insights™ | Global Market Research Reports ...](#)

Searched for [fortune business insights](#)

Viewed [Fortune Business Insights Pvt. Ltd.](#)

Visited [Is The UK Still Facing A Garden Furniture Shortage? - MG Timber](#)

Visited [Garden Furniture Shortage Expected To Continue Until 2023](#)

• Searched for [garden furniture shortage 2022](#)

Searched for [garden furniture market size uk](#)

Visited [House & Garden - The website of House & Garden | House & Garden](#)

Searched for [house and garden uk](#)

Searched for [houseandgarden uk](#)

Searched for [GARDENFORUM.CO.UK](#)

Viewed [Gardenforum.co.uk](#)

Visited [Gardenforum](#)

Visited [Just in Time JIT Production; Benefits and Requirements](#)

Searched for [jit](#)

Visited [Batch Production In Manufacturing: The Advantages and ...](#)

Searched for [batch production](#)

Visited [Salary: Manufacturing \(February, 2023\) | Glassdoor](#)

Searched for [average salary in manufacturing uk](#)

Visited [National Minimum Wage and National Living Wage rates - GOV.UK](#)

Searched for [minimum wage](#)

Visited https://clickserve.dartsearch.net/link/click?lid=43700065414207109&ds_s_kwid=58700007286498738&ds_a_cid=76236420&ds_...

Visited [Sources of finance for your business - Wenta](#)

Searched for [sources of finance for limited companies](#)

Visited [Wyevale Garden Centres](#)

Searched for [wevale garden centre](#)

Task 3: Business plan

Evidence

A fully competed business plan that includes:

- executive summary
- company description
- market analysis
- marketing
- people and operations
- financial plan.

Present your business plan in an appropriate format.

You must include your internet browsing history used for research and planning purposes.

You could use a range of the following to provide evidence for your plan:

- written plan
- annotated diagrams
- digital presentation
- screen shots
- spreadsheets
- graphs and charts
- designs.

Executive Summary

Isaflo specialises in high quality office furniture, made from oak and targets the high end of the office market. Its founders, H Henry and A Henry had 20 years' experience in the office furniture industry before opening Isaflo Ltd. Isaflo opened in 2005 and has established a strong position in the market for up-market office furniture. The business has operated with a net profit margin of at least 30% throughout its life and has been consistently profitable.

1.1 Objectives

The company objectives are:

- To maintain its reputation as a high quality supplier of office furniture
- To increase sales of office furniture by 5% each year
- To increase revenues by moving into the garden furniture market
- For sales of garden furniture to break even within 1 year
- To have sales of garden furniture of 200 in year 1, 800 in Year 2 and 1200 in year 3
- To establish a reputation as a high quality manufacturer of garden furniture.

Financial highlights

	2021	2022	2023
Sales	6090000	6400000	6750000
Gross profits	3350000	3550000	3750000
Net profits	2060000	2040000	2060000
Net profit margin	33.82594	31.875	30.51852

Company description

Isaflo is a private limited company. It manufactures office furniture such as desks and chairs in its factory in the Midlands. Isaflo opened in 2005. Sales grew rapidly and the business moved to a larger factory in the Midlands in 2015. The Isaflo brand has a reputation for its high quality and excellent design. 75% of the shares are owned by H Henry 25% by A Henry. The company's mission statement is:
"Quality matters more"

Assessor comments

Brief but accurate and learner has made assumptions about the business as the scenario did not provide all the information needed, for example when the business opened, who the owners are.

Objectives are accurate and comprehensive.

Again, the learner has been creative, filling in gaps in the scenario. A good summary of the business that is fit for purpose.

The company has built up a good reputation by providing good customer service, with 98% giving the business positive feedback and only 1 in 1000 items of furniture were returned due to faults in the product last year. Isaflo's target market are homeowners who value high quality products made from sustainable sources.

Isaflo has 80 employees in its factory and 6 in its office. The company wants to expand into the garden furniture market. This furniture will be sold online. The furniture will consist only of:

Chairs and table sets – 4 chairs and a table.

These will be made from hardwood from sustainable sources – the wood used will be teak. This is different from the wood used for its office furniture products which is pine.

In Year 4 if targets have been met and the business is established in the outdoor furniture market Isaflo will launch a range of additional items such as hammocks, recliners etc.

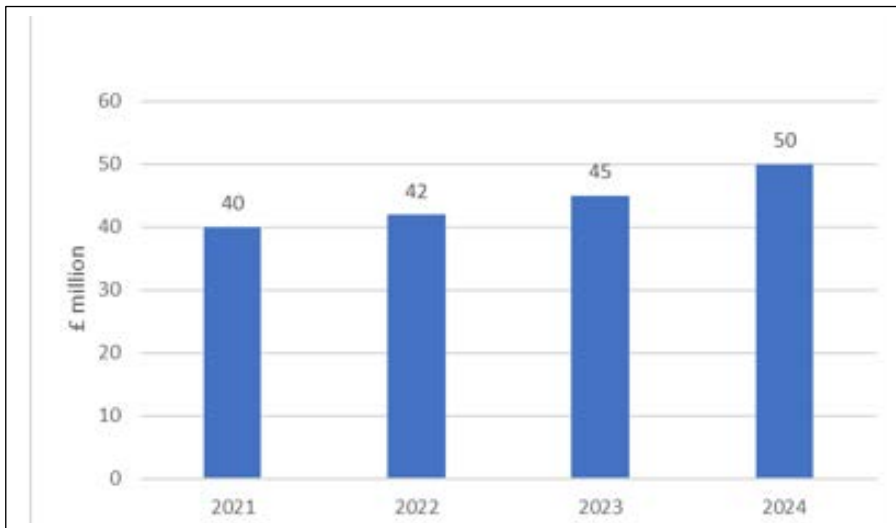
Isaflo's objectives are:

To break even in Year 1

To establish Isaflo as a reputable brand in the garden furniture market

To achieve the following sales

Year 1	Year 2	Year 3
200	800	1200



Market analysis

The market for outdoor furniture is growing. Appendix 2 supports this as it forecasts a 10% growth in the market for outdoor furniture by 25% between 2021 and 2024. This is shown in a bar chart.

Assessor comments

Market analysis summary is clear and concise.

Assessor comments for the next page:

- all 5 paragraphs here make salient points.

The pandemic, with lockdowns and more people working from home lead to a significant increase in families making a greater use of their gardens and many ordered new or extra garden furniture.

My research suggests that some customers place a value on outdoor furniture that can be left out all year and can withstand rain, hot weather and snow as many do not have dry storage spaces to store them in winter months.

The pattern of sales varies through the year – sales rise very quickly in the spring (March and April) and fall off sharply in the autumn (September onwards).

The market for outdoor furniture is very competitive with many quite small firms selling a wide range of furniture from different materials. Prices range from low (below £100) to high (£1000+).

The number of suppliers is huge – this is shown in my research (see file Garden forum) – this showed links to over 110 manufacturers and of these the words “sustainable” was found in only 2 of the company descriptions from Google (but might appear somewhere else on their websites).

MARKETING

Product

Tables and chairs made from teak. Customers will be able to choose from a range of 4 tables, varying in size – the smallest seats 4 people and the largest 10 people.

Chairs – there are 2 designs, carvers and straight backs.

Place

The tables and chairs will only be available to be bought online from the Isaflo website.

Price

The tables will be priced as follows:

To seat 4:	£500
To seat 6:	£750
To seat 8:	£1000
To seat 10:	£1250

Chairs will be priced at £200

Table and chairs sets will be priced as follows:

a set of 4 chairs and a 4 seater table will sell for	£1300
a set of 6 chairs and a 6 seater table will sell for	£1950
a set of 8 chairs and a 8 seater table will sell for	£2600
a set of 10 chairs and a 1 seater table will sell for	£325

Promotion

The chairs will be advertised on the Isaflo website.

My research show that there are many online competitors in the sustainable garden furniture market and that I will probably have to use “pay for click” advertising – this is to make sure that Isaflo appears near the top of a list when somebody searches for “sustainable teak garden furniture.”

Operations

Isaflo uses a batch production method for furniture and the same system will be used for the new garden products. This allows the flexibility we need for the 2 types of chairs and 4 types of table. The factory operates 5 days a week. An extension will need to be built to the factory to handle the increased production and additional equipment purchased. Batch production will be used so that orders for different size tables can be met.

Just in time stock control will be used in the making of the current furniture range. For the first 6 months we plan not to use JIT as all the teak for making sustainable garden furniture comes from abroad and we want to make sure we have enough wood to meet demand and keep the factory running. We will review the position every 6 months to see if JIT is possible. We have initially agreed to buy teak from 2 different suppliers one in India and one in Thailand.

15 new employees will be needed. As these will need to be semi-skilled then Isaflo will offer a wage which is 50% above the Living Wage of a 23 year old. In 2023 the Living wage for a 23 year old is £10.42 per hour so Isaflo will offer £15.63 per hour

Recruitment of employees will be by advertising the vacancies:

- on the Isaflo website
- in the Local Job Centre
- in the local newspaper
- on local radio stations.

A manager will be needed for the new section, and this will be only advertised internally as we want to appoint somebody with experience of how Isaflo works to run the new section of the business.

Finance

I have calculated that £500000 will need to be raised.

I am applying for a £500000 bank loan. The current interest rate is 4.2% so the interest in Year 1 would be £21,000.

An overdraft is not needed as the office furniture part of Isaflo is profitable and cash shortages in the first few months can be covered by the business itself.

The following information has been used from (Source 2):

Variable cost per set of chairs	£510
Interest on loan per year	£21500
Other fixed costs per year	£150000

The variable cost above is the average variable cost as we are making 4 to 10 seater tables.

Below is a break even chart to show how many sets of tables/chairs need to be sold to break even.

As different table sets sell for different prices. I have worked out using the information from the marketing section on forecast sales:

4 seater: 5 customers = $5 \times 1300 = £6500$, 6 seater: 3 customers = $3 \times 1950 = £5850$, 8 seater: 1 customer = £2600, 10 seater: 1 customer = £3250. This totals £18,200 so the average revenue from sales of 1 set = £1820.

Assessor comments

Sensible and justified decisions with regard to JIT.

Sensible choice made for recruitment methods.

I used this to create a table to calculate break-even:

Output	TFC	VC	TC	TR	profit
0	171500	0	171500	0	-171500
50	171500	25500	197000	91000	-106000
100	171500	51000	222500	182000	-40500
150	171500	76500	248000	273000	25000
200	171500	102000	273500	364000	90500
250	171500	127500	299000	455000	156000
300	171500	153000	324500	546000	221500
350	171500	178500	350000	637000	287000
400	171500	204000	375500	728000	352500
450	171500	229500	401000	819000	418000
500	171500	255000	426500	910000	483500
550	171500	280500	452000	1001000	549000
600	171500	306000	477500	1092000	614500
650	171501	331500	503001	1183000	679999
700	171502	357000	528502	1274000	745498
750	171503	382500	554003	1365000	810997
800	171504	408000	579504	1456000	876496
850	171505	433500	605005	1547000	941995
900	171506	459000	630506	1638000	1007494
950	171507	484500	656007	1729000	1072993
1000	171508	510000	681508	1820000	1138492
1050	171509	535500	707009	1911000	1203991
1100	171510	561000	732510	2002000	1269490
1150	171511	586500	758011	2093000	1334989
1200	171512	612000	783512	2184000	1400488

Break even is when 131 sets are made and sold.

Forecast sales are:

Y1 200 = a profit of £90,500

Y2 800 = a profit of £876, 496

Y3 1200 = a profit of £1,400, 488

Therefore this business proposal is profitable in Year 1 and profits increase significantly in year 2 and 3 if sales forecasts are met. Even if sales are 50% lower than forecast then although a loss would be made in Year 1 profits would still be made in Year 2 (£221, 500) and Year 3 (£614,500)

Forecast Income statement for Year 1

	Optimistic	Pessimistic
Sales revenue	£364,000	£182,000
Cost of sales	£171,500	£51,000
Gross profit	£192,500	£131,000
Expenses	£171,500	£171,500
Net profit (loss)	£21,000	-£40,000

Research evidence

This can be found in the Appendices as shown in Task 2.

Assessor comments

The learner demonstrates good technical skills in creating the table. The learner could have used the data to produce a line graph for a visual illustration of break even.

Sound analysis of the data from the table allied with the data from Source 2.

This is perhaps the most impressive part of the financial analysis as the learner has considered what would happen even if sales are 50% lower than forecast – details that would impress a finance provider.

Has only shown in detail impact in Year 1 but has done the overall calculations for Year 2 and Year 3.

Assessor comments

Structure and content of the business plan is sound but presentation is one of the key points in a business plan so headings and layout could have been improved. Some good analysis but lacks depth in some places.

Executive summary is the strongest part of the business plan.

Marketing other than through online has been ignored – more needed on alternative methods and no mention of promotions such as discounts, for example.

Some excellent work on operations (JIT) and interesting thoughtful work on people. Batch was largely skated over.

No break even chart but the analysis of data, using the table and a "what if" using a pessimistic forecast was impressive.

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.

Accuracy of my business summary

My business summary was accurate but **lacked detail as shown below.**

Isaflo is a furniture manufacturer. It wants to start production of garden furniture. These will be made from wood and the wood will come from a sustainable source. Appendix 4 tells me consumers would pay more if the wood used is from a sustainable source.

I could have added where the business was based, how many employees it had and more details about the products it currently makes, profits in previous years.

The accuracy of the timeline.

I was able to stick to my timeline for most of the time but not always.
 Eg For my primary research I put down one hour but it was harder than I expected to get people to answer my questionnaire and it took an hour at each of the supermarkets, not half an hour at each.
 Eg I set aside a total of four hours for the people and operations plan as shown below.

9 Feb	1 hour people plan part 1
14 Feb	1 hour people plan part 2
16 Feb	1 hour operations plan part 1
28 Feb	1 hour operations plan part 1

But I only took an hour on each as there was not that much research to do as all I had to find out about was JIT, batch production and the Living Wage
 E.g. I set aside 2 hours for my financial plan but this took 3 hours. The time set was:

2 March	1 hour financial plan part 1	
7 March	1 hour financial plan part 2	

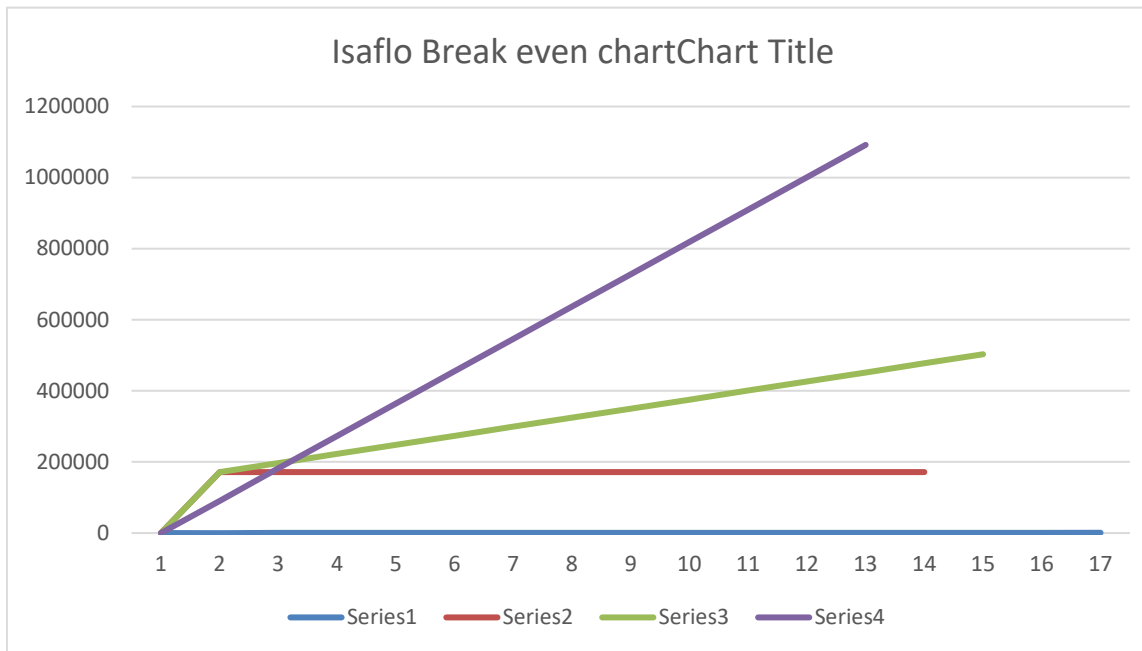
Assessor comments

Valid criticisms of own approach shown here.

Overall, there are some good evaluative observations in the review but some lacked development such as:

- why details on the factory, number of employees, profits for the last 5 years would have improved the business plan
- why presenting a break even chart would have helped demonstrate business potential.

I had to create a table in a spreadsheet to calculate break even and it didn't work and eventually I found I had made a mistake in the formulae for calculating total revenue. I also tried to use Excel to create a break even graph from the data, but I could not get that to work at all. The best I could do is shown below and one of the lines is bent and should not be. Also, the values along the bottom on the X axis are incorrect. I should really have drawn one by hand on graph paper, but I spent so much time trying to do it on Excel that I ran out of time.



Whether my research was effective.

I think my market research was quite effective, I found out a lot of information about the makers of wooden furniture from sustainable resources. I was surprised that most used teak wood. I was also surprised there was so many different firms that made such furniture and also how expensive it could be – some firms were selling table and chair sets for over £4000.

Using Google I was able to find out enough information to make what I thought were informed decisions.

Assessor comments

Again, good reflection by the learner and highlights issues with Excel and producing charts.

Eg I found out that firms make tables to seat 4 to 12 people and they offer different designs of chairs. I also found out the prices 20 firms charge. The information I collected on the conversion rates from clicks to customer orders was something I never knew about it and that helped me when I was planning my marketing.

My primary research could have been better. Afterwards I realised that as I was selling what were expensive chairs and tables then going to Lidl as well as Sainsbury may have been a mistake as Lidl attracts more customers who look for value for money so they may have not been my target market – either I should have stayed at Sainsburys longer or chosen another of the main supermarkets to stand outside to do my survey such as Tesco or Morrison.

I also could have had questions that made sure I was only asking people that wanted sustainable wood furniture – when I looked at the data, I had collected I realised that some of the answers to price and how big a table they bought will have come from people who bought metal ones not ones made from sustainable wood. I also asked a question about the type of house people lived in – this did not really provide any useful data and I should not have asked this question.

Which section of business plan were most difficult to complete and why?

The sections were:

- executive summary
- company description
- market analysis
- marketing
- people and operations
- financial plan.

I did not find any of them more difficult than others. Looking back over it I should have created some pie charts and bar charts from the questions I asked in my survey – these would have helped show what I found out.

Assessor comments

Although mentioned by the learner in tasks 2 and 3 the information collected did not appear in the learner's Task 2 or Task 3 so is an error in terms of reflection/evaluation.

This shows the learner has demonstrated good evaluation/judgement overall in this section.

What was hard was finding what to write about the people and operations section. I did look at whether JIT was a good idea with the teak coming from abroad and I think I came up with a workable plan for how batch production would work but there was not much else to write about. In my research I did find the advantages and disadvantages of batch production and JIT but did not put these in as was not sure they should be in a business plan that the bank would look at.

The financial plan was possibly the hardest section to do as I had to do a lot of calculations and work out how many different sets, I would sell eg 4-seater, 6-seater etc. I should have not tried to create the break-even chart on Excel as I spent 45 minutes on this and ended up 5 charts, none of which worked, I could have just drawn it on graph paper, but I thought that this would **look amateurish**. In the end I ran out of time and didn't do one on graph paper either.

How could I have improved the business plan?

My business summary was too short – I should have added more detail about the current business.

Eg number of employees, where the factory is, details of profits for the last 5 years but we were not provided with this information so I would have had to make it up.

As I said earlier, I could have improved my primary research by doing the survey completely outside one “up-market” supermarket. I also could have had a better questionnaire which interviewed in detail only those people who wanted to buy or who had bought sustainable wood furniture. But from talking to people, when doing the interviews, I got the impression that many people had no idea if the furniture they bought used sustainable wood!

Again, as I said previously I should have created a break even chart.

Assessor comments

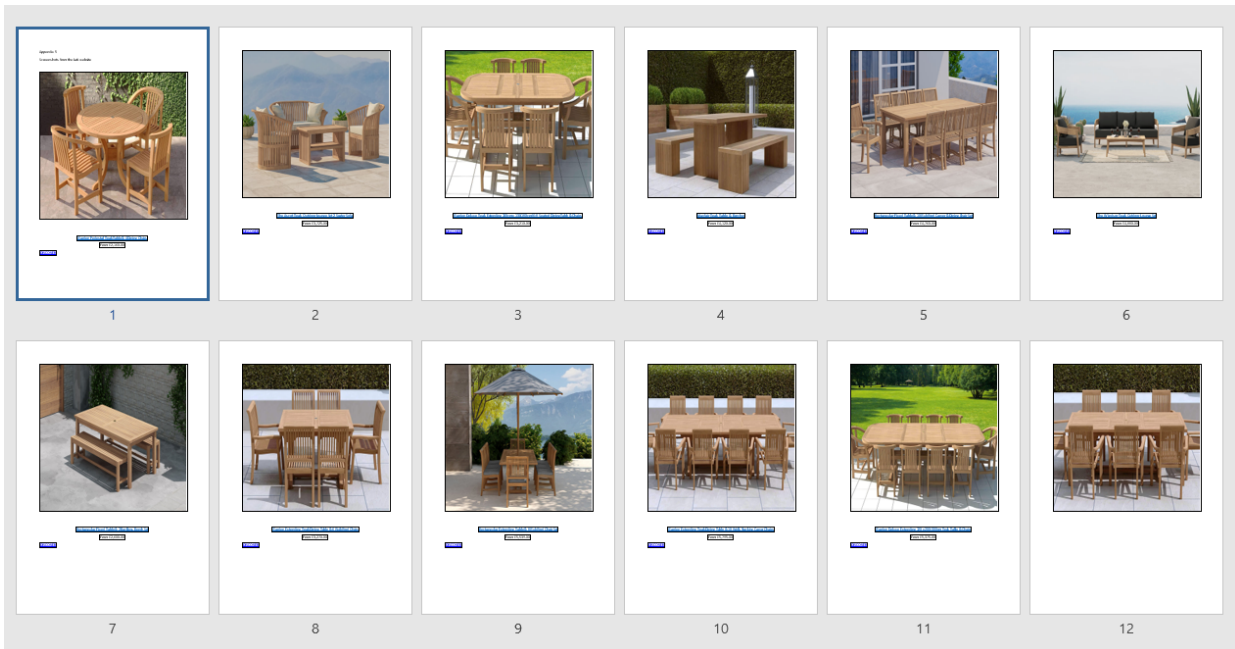
Here, the learner has a valid point as this would be presented to a finance provider, for example a bank.

AO5 – Good analysis and evaluation of the success of the final business plan in relation to the brief, discussed in a mostly detailed way.

Thoughtful and **useful** ways to improve the business plan that are **mostly detailed** and **mostly relevant** are provided.

Appendix 5

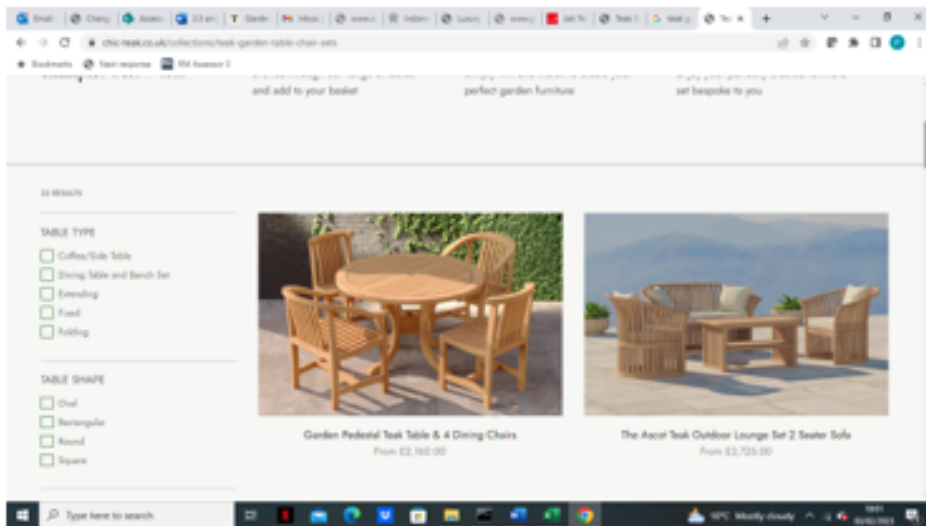
Screenshots from the Jati website



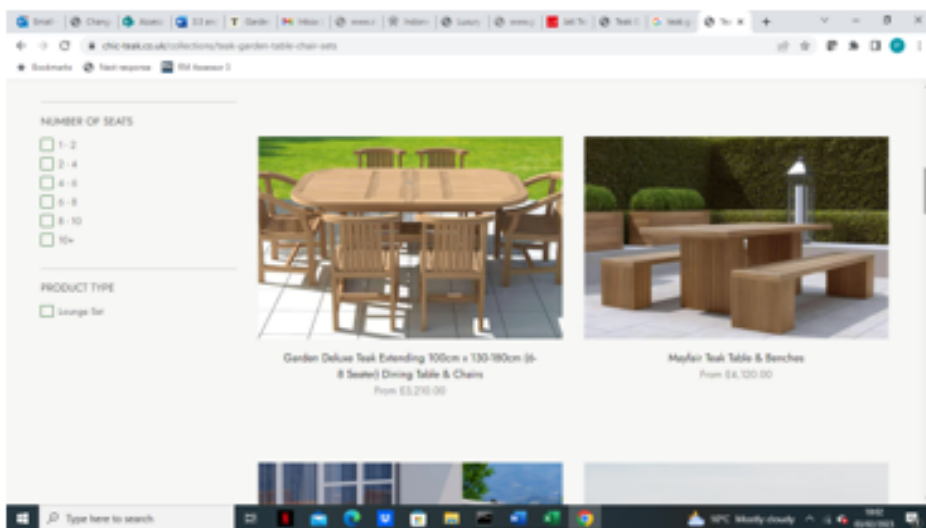
Appendix 6

Screenshots from the Chic Teak website

Below is a screen shot from their first web page. Here you can choose the table type



And here it shows you can choose how many chairs you want



The prices range from just over £2000 to over £5000 depending on the size of table and number of chairs required – again they appear to be aiming at households high incomes.

Appendix 7

Primary Research				
Q1 Have you purchased garden furniture in the last 5 years	Yes	44	No	6
Q2 Did you purchase it from:				
A garden centre	Yes	12		
DIY Shop (eg B&Q, Wickes)	Yes	7		
Online?	Yes	23		
Somewhere else?	Yes	2		
Please state where this was				
Marks & Spencer				
Next				
Q3 What was the furniture made from?	Wood	18		
	Plastic	4		
	Metal	6		
	Rattan	16		
Q4 how many people was your table for?				
	4	22		
	6	12		
	8	6		
	10	4		
Q4 How much did you spend?				
	below £300	0		
	£301-£500	3		
	£501-£700	8		
	£701-£900	14		
	£901-£1100	12		
	1101 +	7		