

HeatGale

 Be a Champion

**Business Plan**

 05/07/2018

 

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1. **Your Business and you**

1.1. Business Name: HeatGale

1.2. Your Name (s): Y2BE Nightingale Academy

* 1. Business Location: London, United Kingdom

1.4. Your Address and Postcode: *Nightingale Academy, 34 Turin Road, London, EN2 0LL, United Kingdom*

1.5. Telephone Number (home, mobile and business): +44 208 443 8500

1.6. Email Address (personal and business): Y2BE@nightingaleacademy.org

1.7. Business Start Date: 05 June 2016

1.8. Business Website and Social Media Links (if available): www.heatgale.co.uk @HeatGale

**2. The Business**

2.1. **Summary of the Business:**

Give an overview of what you are going to do and how are you going to do it.

This business venture is based on the manufacturing and retailing of a gym and fitness compressed top, branded as *HeatGale*. The idea is the result of an extended market research including a number of questionnaires and surveys with gym enthusiasts, which identified a gap in the market. Several tests have proved the product is fit for purpose and ready to be launched into the market. To ensure good quality of the product, we will be using reputable brands such as Under Arm white tops which will then be transformed into the final product at a workshop here in the UK before being despatched to a number of sports’ retailers, such as Sports Direct, JD Sports and Decathlon, as well as online through the company’s own website and other online platforms such as Amazon and Ebay.

2.2. **Describe the product(s) or service(s) the business is going to sell:**

*HeatGale* compressed tops are made of high quality stretchy polyester and designed to maximise the results of workout using thermochromic technology. The heat sensitive dye applied on the garment changes colour to reveal muscular and vascular action, whilst keeping you dry and informing the user about muscle groups needing more attention.

2.3. Describe how the product(s) or service(s) will be sold:

The product will be sold to a number of major sports’ retailers such as Sports Direct, JD Sports and Decathlon, as well as through the company’s own website and other major internet retailers such as Amazon and Ebay.

2.4. What is the business mission (the main purpose of the business)?

Not sure

2.5. What is the business vision (where will the business be in one, three and five years)? Try to make the business aims SMART – Specific, Measurable, Achievable, Realistic and Timely

We aim to start making profit within at least 6 months after launching the product. This will be a time of intense marketing through a large number of channels, mainly though internet, especially through social media networks which is highly effective at reaching our market target. A number of promotional adverts, posters and leaflets have already been produced and are ready for distribution. As the company’s activity grows, so does the number of employees and its presence in the market. We aim to have a turnover capital of £2m in the first year, which will secure an estimated profit of £200k for the shareholders. Depending on its success, turnover capital and profit will increase exponently in the subsequent years, reaching a £20m by its fifth year. A considerable proportion of the profit will be used for marketing and improving the effectiveness of sales, especially through the company’s own website and delivery service.

2.6. What sets this business apart from the competition:

Is the Business’ product/service cheaper? Is the Business’ product/service better quality? Is the business filling a gap in the market?

According to research, this is a rather unexplored market, therefore there is no significant competition at this moment in time. Interestingly, there seems to have been a recent failed attempt by an American start-up company by the name of Radiate to produce and sell similar products. Their failure was due to the fact they could not keep up with the high demand they faced soon after the product hit the market. This has not only reinforced our belief that there is a strong demand for this product in today’s market, but most importantly has taught us a highly valuable lesson about planning to deal with a similar scenario in advance.

In addition there is another American start-up company called Shadow Shifters, who are using the same technology to produce rather different garments, such as loose tops, sweatshirts etc.

2.7. How will this business be staffed? At the moment we are 5 people in the core Managing Team: General Manager and in charge of Logistics and Customer Relations (Bona), Finance (Alex), Sales and Resource Manager (Julia), Production Line and Quality Assurance Manager (Claudia), Marketing Manager (Kevin). More employees will be hired in due course, such as technology experts, delivery drivers etc.

**3. About you**

3.1. Why do you want to run your own business?

The main reason is because we simply want to take on a significant challenge. We feel passionate about this product and we strongly believe in its potential to make it in the market. Starting our own business gives us the opportunity to choose working alongside each-other as a team, and other people we chose to be part of the team, whilst following our dream. Apart from the financial benefits, flexibility and a number of other perks which are part of running your own business, this will be a journey of self-discovery exploring our own potential and the endless possibilities that lay ahead.

3.2. Previous work experience:

Retail

Research

Law

Education

Performing Arts

3.3. Education and Qualifications:

GCSEs

3.4. Hobbies and Interests:

Business and Enterprise

Mathematics

English

Sports Science

Modern Foreign Languages

Law

Drama and Performing Arts

3.5. Describe your knowledge and experience within this business’ industry:

Our journey started three years ago, when we were selected to be part of Erasmus+ International Project on Youth Business and Enterprise at our school. We were part of the team which helped devise and elaborate this business idea from the outset. Alongside our other Y2BE European partners we participated in a number of extremely valuable training events, whilst visiting our partner schools, such as Business Leadership, Market Research, Product Design, Marketing, Finance, Sales and Negotiations as well as Presentations skills. As the project progressed and our business venture was taking shape, we became more and more confident and interested in the world of business and enterprise, which seems now a lot less daunting and complicated and a lot more exciting and tangible than before. Therefore we feel ready to for this challenge.

3.6. Please list any other personal information relevant to this business:

We are a strong team of individuals with lots of talent and potential amongst us, be it business acumen, tenacity, enthusiasm or sheer brain power. In addition, we have known each other since we were little children in primary school and we have strong bonds; we know each other’s strengths and shortfalls well, which will help us with task distributions, in order to have maximum efficiency and impact.

**4. The Products and Services**

4.1. Give an overview of the product or service this business will sell.

*HeatGale* is compressed upper body garment made of high quality polyester and dyed with a special thermochromic dye, susceptible of fading if exposed to a certain heat produced by flexing muscles in the body, thus revealing yet another colour under the fading heat sensitive dye, thus informing its user about muscle groups which are being worked out. This will then inform its user about other muscle groups which are not, thus informing the next workout activity in the gym. This garment is designed for a more effective and informative workout session for the user.

4.2. How will the product be produced or how will the service be carried out?

The samples already produced were originally white coloured tops purchased from an online retailer before being dyed using special fabric dying equipment. For the future we aim to commission large bulks of the main product, in different sizes direct from the manufacturers and shipped to a UK based workshop where they will be dyed using the special dye imported from the USA.

4.3. How much does the product(s) or service(s) cost to produce/deliver?

According to a number of calculations of all the costs involved in the production of one sample *HeatGale* shirts, for 1000 items, the cost is £17.30 per item. This includes the material, labour, transport, equipment, energy, rent, and a generous allowance for overheads of £3 per item. We are, however still working in finding innovative ways to reducing theses costs, especially the cost of the white coloured shirt and the dye.

4.4. How much will the product(s) or service(s) be sold to customers for:

Minimum wholesale price: £24.99

Recommended Retail price: £29.99

Minimum profit per item: £7.69

4.5. How will the product(s) or service(s) be delivered to the customer?

Deliveries to high street retailers through their transport network

Online retail sales through a suitable, cost-effective and reliable postal delivery service i.e. Royal Mail

4.6. Are there any legal requirements that are necessary to start this business?

To be fully operational we have to register the brand and patent our product. We also have to register the business for VAT purposes

4.7. Are there any insurance requirements that are necessary to start this business?

We’ll need to insure the equipment, the workshop premises, vehicles and pay all National insurance contributions for all the employees

4.8. What is the growth potential for the product(s) or service(s)?

According to our extended research, there seems to be a high demand in the market for our product. By applying a good marketing plan, once we hit the market, we expect our sales will soar. Initially we’ll commission the production of a minimum of 5000 items which we expect to sell in the first month. By the end of the 1st year we project a sale of over 1000 items per month with a potential turnover of over £2m.

**5. The Market**

5.1. Describe the business’ typical customer and where they are based.

Our typical customer is a gym and fitness enthusiast aged between 16 to early well into their 40s, male or female. These are the kind of people who also like other people to know about their toned bodies, which means there will be a lot of photos and videos shared on social media networks such as instagram or facebook. This is an added bonus for our promotional campaign as a lot of it will be done on our behalf from our users. They are generally regular gym goers with a penchant for body building products and healthy, protein rich food. Our promotional material will also target gyms and sporting venues/events.

5.2. How many of these customers will this business have the potential opportunity to reach:

Our most important marketing strategy remains the online advertising through the social media, who are extremely effective in targeting exactly our type of customer due to their algorithmic profiling. This is an idea which was presented to us in Paris during a visit at the Facebook headquarters. Through social media advertising the opportunities to reach our target customers are unparalleled in terms of effectiveness and cost.

5.3. Have you sold any products/services to customers already?

Not yet

5.4. Why will customers buy this business’ products or services instead of your competitors?

First of all, there are no known competitor selling exactly the same product as *HeatGale* in the market at this moment in time. Secondly, this is a product which research has shown to be in high demand and it can increase dramatically the effectiveness of workout, as well as being a visually desirable garment for a certain kind of fitness enthusiast.

5.5. What can be learned about the business’ market from an internet search/secondary research:

You can see that this idea is not exactly unheard of, and there have been previous attempts in the recent past to make similar products. The most significant one was one named *Radiate* in the USA which failed due to an unforeseen high demand, which they were unable to satisfy.

5.6. What can be learned about the business’ market from field/primary research?

According to our own market research through a number of surveys and questionnaires, nearly 90% of gym goers who took part said they would consider buying our product, if it does what it’s designed to do (changing colour effectively as claimed).

**6. Start-up Costs**

6.1. What non-asset start-up costs must be considered?

Setting up costs such as registering the company fee, business bank accounts, bank loan and interest charges, rent of premises, insurances, IT,

6.2. Table of Asset/Equipment Purchases

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item, Asset or Expense** | **Already Purchased?** | **New or Second Hand Required** | **Supplier** | **Price** |
| 100 Business Cards | Yes | New | Moo Business Cards | £20 |
| 2000 white coloured compressed tops | no | new | Under Arm | £18,000 |
| 20L of special dye | no | new | Garmet Dye Ltd | £2400 |
| Fabric printing machine  | no | New | http://www.thiestextilmaschinen.com | £6,500 |
| Website building and maintenance | no |   | Names.co.uk | £300 |
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1. Break even

*This is the point at which the sales are exactly the same as the costs.*

*7.1 Use the table below to list all the different types of cost:*

|  |  |
| --- | --- |
| ***Fixed Cost*** | ***Variable cost*** |
| *Loan repayments* | *Promotion* |
| *Rent of premises (workshop and warehouse)* | *Insurance* |
| *Transport* | *Interest rates* |
| *Labour* | *Fuel prices* |
| *Trademark* | *Inflation rates* |
|  | *Overheads* |
| *Total £12.10 (per item)* | *Total £5.20 (per item* |

*7.2 What is your selling price? £24.99*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Number sold/produced*** | ***Fixed costs*** | ***Variable costs*** | ***Total costs*** | ***Sales revenue*** | ***Profit*** |
| 1000 | £12,100 | £5200 | £17,300 | £24,990 | £7690 |
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*7.3 Use the table below to list all the different types of cost:*

***Total costs =*** *Fixed costs + variable costs*

***Sales revenue =*** *Selling price x number of units sold you expect to sell*

***Profit =*** *Sales revenue – total costs*

*7.4 Use the formulae to calculate your Break-even point*

Fixed Costs

 Selling Price - Variable cost per item

Click or tap here to enter text.

1. Cash flow forecast

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | July | Aug | Sept | Oct | Nov | Dec |
|  |  |  |  |  |  |  |
| **RECEIPTS** |  |  |  |  |  |  |
| Sales | 10,000Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| Total Receipts | 10,000Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **PAYMENTS** |  |  |  |  |  |  |
| Stock | 8,400Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
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| **Total Payments** | 8,400Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Net Cash flow** | 1,600Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Opening Balance** | 1,700Click or tap here to enter text. | 3,300Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |
| **Closing Balance** | 3,300Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. | Click or tap here to enter text. |

**9. The Competition**

9.1. Table of Competitors

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Competitor Company Name** | **Location** | **Business Size** | **Product / Service offered** | **Price of comparable product / service** | **Strengths of the competitor** | **Weaknesses of competitor** |
| Shadow Shifter | USA | Small | Loose tops | Similar to HeatGale | Fun and playful  | Not designed for our specific target market (gym goers) |
| Radiate | USA | Small | Gym tops | More expensive than HeatGale at £40 per item | Thermochromic technology works well and attractive visual promotions | Went bust as they failed to satisfy high demand |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

1. Marketing mix (4Ps)

|  |  |
| --- | --- |
| ProductGive a brief summary of your product *HeatGale* compressed tops are made of high quality stretchy polyester and designed to maximise the results of workout using thermochromic technology. The heat sensitive dye applied on the garment changes colour to reveal muscular and vascular action, whilst keeping you dry and informing the user about muscle groups needing more attention.  Add your logo below18902860_1731446553819761_118511497_n.jpg | PriceWhat is your selling price?Wholesale: £24.99RRP: £29.99Why have you chosen to sell at this price?This price is affordable, competitive and with healthy profit margin for shareholders |
| Place Where do you plan to sell your product?In the major sports’ retailers such as Sports Direct, JD Sports and DecathlonOnline, through the company’s own website heatgale.co.uk (wholesale and retail) and through a number of global internet companies such as amazon and ebay.  | Promotion How will you market and promote your business?Mainly online, especially through social media networks such as instagram, facebook and twitterPoster at gyms, sports stores, sports venues and events |

1. **Back-up plan**

11.1 What do you plan to do if your business fails?

Ideas?

* 1. How will you afford your loan re-payments if the business fails?

Ideas?

1. **Total capital required (Loan request)**
	1. How much loan do you need?

£250,000

12.2 Why do you deserve to be given the loan?

Based on our research and meticulous planning, *HeatGale* has the potential to thrive in the market. This is a rare product which successfully uses a rather exciting technology, which appeals to a large number of people due to its a unique selling point, which is about the effectiveness of one’s fitness regime and the training time. The product is affordable, attractive, modern looking and with a considerable profit margin, which will ensure a fast break-even period. *HeatGale* also has the potential for growth by enlarging its range with other similar products, such as HeatGale bottoms, vests and more leisurely, fun products such as loose tops and hooded sweatshirts. The lack of real competitors in today’s market, especially in the UK and Europe makes it even more appealing.

**13. Appendices**

Include your questionnaire, charts and other relevant documents that will support your application for a loan