

BECKBURY COMMUNITY SHOP

Business Plan 2016



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1. Executive Summary

The aim of this project is to fulfil the wishes of the inhabitants of the Beckbury and surrounding area by providing a community shop. These wishes were identified by the Parish Plan in 2013. At the commencement, no premises or funding had been identified. A shop committee was set up at the request of the Parish Council to investigate the possibilities for and viability of such a community shop and since then it has:

- Identified a site in the centre of the village adjacent to the village hall. This site being in a conservation area.
- Investigated various options for the building and chosen a pre-fabricated structure which it believes to be the best fit for this location.
- Consulted with the Shropshire Conservation officer and applied for planning permission.
- It has decided that the Community Benefit Society model is the best fit for this business and registration with the FCA has been approved. This society will be run for the benefit of the community, every member of the community (over the age of 18) will be offered membership and a community share offer will be raised.
- Recruited a team of volunteers to help with the project.

The shop will specialise in local produce and will offer a range of essential items to meet the need for convenience shopping. It will also provide a focal point for the community, providing a central meeting point and the opportunity for social interaction. With the increase in fuel costs and the lack of public transport, the shop will help to reduce costs and will reduce the carbon footprint of those who use it.

The shop will be managed by the management committee and will be staffed by volunteers.

Set up costs have been estimated at £20,000 approx.

Profit & loss forecasts for the first three years of trading show the following:

	Year 1	Year 2	Year 3
	£	£	£
Net Sales	35000	37500	40000
Net Profit	3510	3820	4160

2. Proposal & Objectives

A new Community Shop will be created in Beckbury with the following principal objectives:

- To provide retail goods and services, at a reasonable cost, from a location convenient to all the residents.
- To support local businesses and the rural economy by providing an outlet for local producers, farmers and craftspeople.
- To provide services such as Point-of-Delivery and Collection; dry cleaning pickup and third-party postal services.
- To provide a central meeting point and opportunity for social interaction.
- To improve village facilities and the well-being of residents.
- To be a centre for community information.
- To be a not-for-profit enterprise owned by the community for the benefit of the community.
- To generate a surplus that will be used for community projects.
- To provide training and voluntary work opportunities for anyone in the community who needs them.
- To create a sustainable facility which is in keeping with its surroundings.

3. Background To The Proposal

A brief history

The area of Beckbury (known as Beoccasburgh) was recorded in the Domesday Book under the ownership of Gilbert de Venables (1086) and Roger de Montgomery.

The Church was originally established in the 13th century and was dedicated to St Milburga in 1740. The oldest houses in the village are Beckbury Hall and the Lower Hall, 16th and early 17th century, Poacher's Moon (previously Cheriton Cottage) and Church Farm are also 17th century.

The Seven Stars pub was opened in 1846 and the Beckbury National School was built in 1852 by the then owner of Beckbury Hall and then later passed to the management of the Church of England. The nursery and primary school now has a combined role of approx. 70 pupils.

The village hall was built in 1889 as a 'Recreation & Reading Room' with funds from the Cure family.

The community is served by one pub and a playing field. The last shop and post office closed down in 1998, the business was not considered to be economically viable.

Some Statistics

The 2011 census records 340 residents (162 male, 178 female). Of the 139 properties, 69% are privately owned, 20% are local authority owned, and the remainder are privately owned tenancies.

The community relies primarily on private transport but there is a daily bus service to local villages. The census records 90% of the households as having a car, with 75% requiring them to access work.

In 2012 the Parish Council initiated the preparation of a Parish Plan and this involved a village questionnaire and eventual publication of the plan in 2013. 98 completed questionnaires were returned and 51% supported the principle of a village shop, with 28% claiming that they would use the shop daily or at least several times per week. 19% were prepared to volunteer to help in the shop.

In 2015 the Community Shop Committee initiated a more detailed shop questionnaire and this time 79 completed questionnaires were received from Beckbury with:-

- 6% would use the shop every day
- 43% several times per week
- 22% at least once per week
- This time 26% were prepared to help in the shop, i.e. 20 people, similar to the previous survey

4. Structure & Organisation

The shop will be run as a not for profit community initiative and formally registered as a Community Benefit Society and also registered with the FCA (Financial Conduct Authority). Once set up the shop will be managed by an elected Management Committee and will operate to the Model Rules for Community Ownership as devised by the Plunkett Foundation

The shop will be set up so that shares can be offered to members of the community on the basis of "one member one vote". Once a contingency fund has been built up, all surplus profits will be donated to projects which benefit the community of Beckbury. This being determined at the AGM.

The day to day running of the shop will be by a team of trained volunteers responsible for stock control, banking, procurement and the manning of the shop on a rota system. This will include complying with professional standards of bookkeeping, health and safety and food hygiene.

5. The Premises

A number of alternative locations were considered when deciding where to position the shop. The preferred location identified was adjacent to the Village Hall. The site is in the middle of the village and has the advantage of services already being available on the site, e.g. water, electricity and drains. The size and shape of the shop is strongly influenced by

- Limited space available alongside the Village Hall
- Its proximity to an adjacent Grade II listed building

The proposed building is of plastic coated steel construction with a wood facade, 7.7 m long and 3.4 m wide, designed to fit between the village hall and the adjacent property. The structure is designed to maintain access to the side and back of the village hall and is of a design in keeping with the village hall and surrounding buildings. The building will be equipped with refrigeration/chilling equipment and limited kitchen facilities but sufficient to enable the sale of hot drinks and snacks to passing customers.

6. Market Research & Analysis

6.1 External Research

Plunkett Foundation Report: 'A Better Form of Business 2013'

"At the end of 2016 there were 347 community shops trading in the UK and they have been opening at an average rate of 28 annually during the last five years."

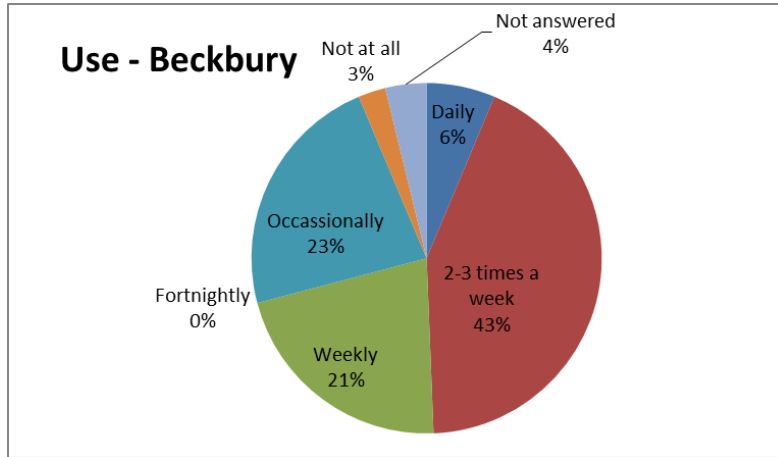
- *"Plunkett is confident that growth of the sector will continue at a similar rate and, based on the current pipeline, early estimations suggest a further 30 community shops will open in 2013."*
- *"No community shops closed in 2012. In fact, since our community shop records began in 1992, only 13 community shops are known to have ever closed, indicating a long term survival rate of 96% for community shops. This compares extremely positively with estimations for UK businesses which have an estimated 5 year survival rate of 45% (Office for National Statistics)."*
- *"Looking at like-for-like sales for 2012 i.e. comparing only those 137 shops that provided financial data this year and the previous year, sales are up by 2.9%. This is a significantly better trading performance than all of the major retailers."*
- *"The average gross margin achieved in 2012 was 22%, with a range between 15%-40%."*
- *"One of the growing trends is the importance of local food to community shops. 95% of community shops stock and sell local food to some extent, and this was rated by shops as their most profitable line. 12% of shops rated local produce as their most profitable line, and of all those that sell local produce, it represented an average of 23% of their total sales."*
- *"Of those who provided data, the most profitable lines were as follows:*

<u>Most profitable line</u>	<u>No of Shops</u>
Cards and stationery	41
Confectionery	32
Local food and produce	31
Dairy and eggs	25
Soft drinks	21
Alcohol	19
Newspapers and magazines	16
Café	15
Fruit and vegetables	14
Groceries	13

Information from other shops

Community shops serving a similar population have been researched with regard to their turnover and profit margins in order to be make the financial projections as accurate as possible. Visits to some of these shops have been made and more are planned to obtain information on: staffing, best-sellers, stock levels and 'lessons learned'. Other shops have been contacted by email and have been generous with their advice.

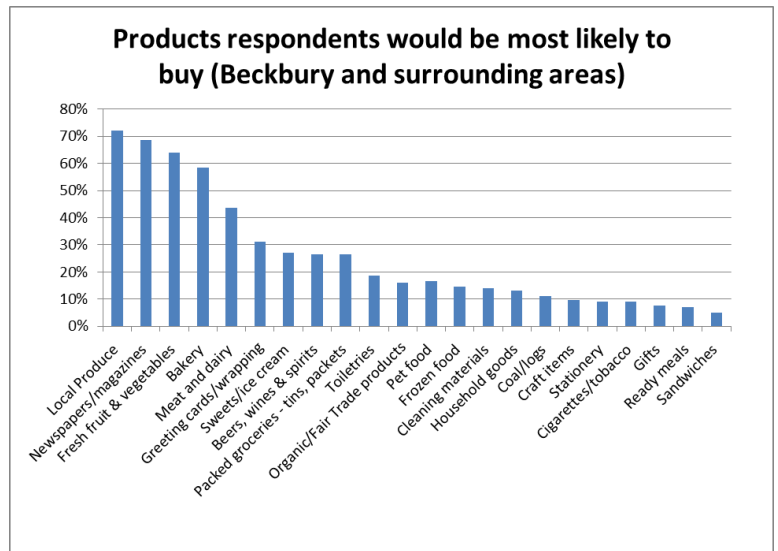
6.2 Local Questionnaire (2015)



A questionnaire was devised to measure the potential support and interest in the goods and services people would like to see in the shop. There were also questions on: opening times, and frequency of use

Chart 1 shows that at least 50% of the respondents would use the shop at least 2 -3 times per week

Chart 2 shows a particular interest in buying local produce with over 70% saying they would buy local produce and over 60% fresh fruit and veg. Sale of newspapers and magazines was also popular. With the right publicity we could attract people from outside the parish and there are regular passing walkers and cyclists who would use the service.



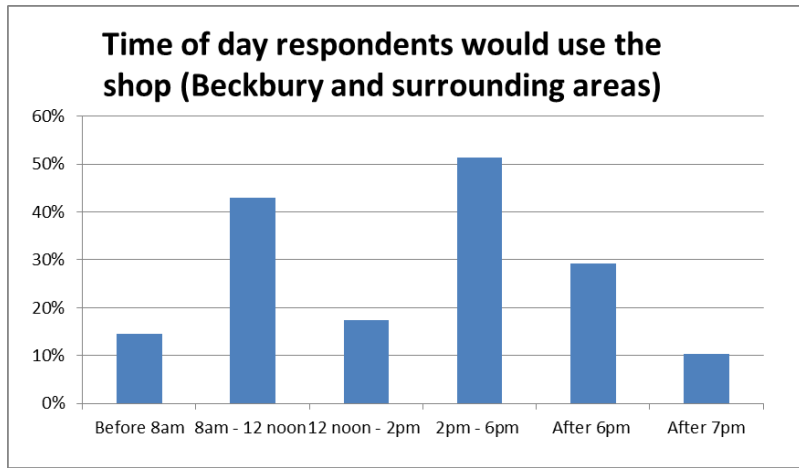
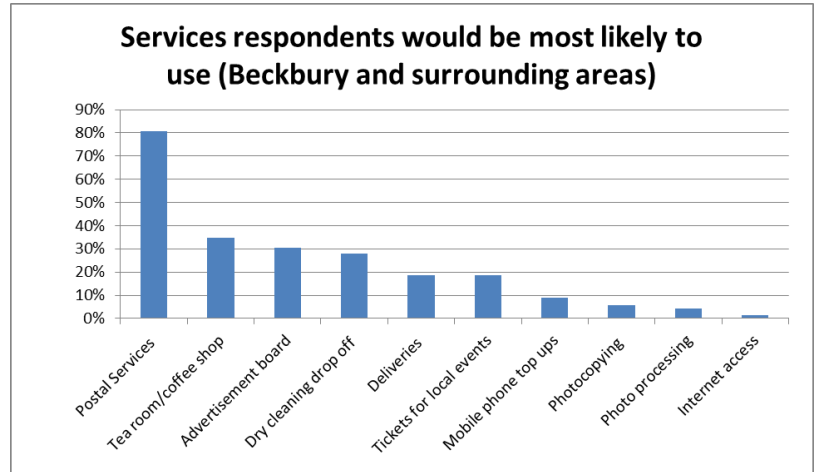


Chart 3 indicates the most popular opening times to be 8 – 12 and 2 - 6

Chart 4 shows interest in other services and drop off and collection of parcels was of particular interest.



6.3 SWOT Analysis – see Appendix 1

This has been undertaken and the findings incorporated into the business plan.

7. Proposed Goods & Services

Two of the shop's main strengths will be its emphasis on local products and its ability to respond quickly to customer's needs. There will also be a range of essential items to meet the need for convenience shopping. This offer will be supplemented by 'impulse buys', seasonal lines and special promotions. *Alcohol will not be offered.*

Local Produce: fruit & veg, meat, meat products e.g. sausages & burgers, dairy products, eggs, cakes, bread, jams & chutneys, cards & stationery. It is envisaged that some of these products will be shelf stock and others will be listed for order.

Essentials: Bread & bakery, milk & other dairy, tea & coffee, tinned & packet foods. Basic ranges of frozen foods, cleaning products, toiletries, stationery and OTC medicines.

Impulse/Seasonal/Promotional Examples include: Confectionary, drinks, crisps, Christmas cards & gifts, flowers. A calendar will be drawn up to ensure that in addition to the 'basics' there is always something different or new.

A list of local suppliers is being drawn up and visits are being made to local farm shops to find suppliers to supplement this. We will also publicise this and ask local producers to come forward.

Services a basic range of stamps will be stocked and it is envisaged that the shop will be a parcel drop off/collection point for those not at home during the day. To enhance the social aspect of the shop there will

be a small 'cafe' area with tea, coffee & cakes for sale. There will be a notice board to advertise 'items for sale', local tradesmen etc. If space allows, a 2nd hand book/magazine/DVD/games swap area will be included. Once the shop is up and running, an ordering and delivery service may be considered.

8. Staffing & Opening Hours

The shop will be managed by the committee and manned on a rota basis. Our financial projections indicate that there will not be sufficient funds to employ a manager.

The shop will be staffed by volunteers. In response to the questionnaires more than 20 people indicated that they would be willing to work in the shop. The availability/preferences of these volunteers will obviously determine when the shop can be open but the aim is for the opening hours to be as follows:

Monday to Friday	8:00 -12:30 2:00 - 18:00
Saturday	8:30 – 12:00
Sunday and Bank Holidays	9:30 – 12:00

All staff will be trained in: use of the cash register/epos system, handling money, customer service, health & safety, food hygiene, manual handling. Other training may be necessary on an individual basis. The shop may offer work experience and volunteering opportunities to local schools and organisations such as the Scouts/Guides.

9. Finance & Funding

The costs of opening the shop are estimated at £24000 (net of VAT). The breakdown of these costs is given below:-

Building	£15892
Groundworks	£2250
Utilities	£370
External works	£750
Equipment & fittings	£2500
Training	£100
Initial stock	£2000
TOTAL	£23862

The above costs will be funded by a combination of grants, donations and a community share offer:-

These grants will cover the costs of obtaining planning permission, legal fees, building regulations, installing utilities, purchasing and constructing the building.

Profit and Loss Forecast

The forecast for sales, profit & loss have been based on the sales achieved by other community shops. The forecast results can be summarised as follows:

	Year 1	Year 2	Year 3
	£	£	£
Sales	35000	37500	40000
Cost of Sales	28000	30000	32000
Gross Profit (£)	7000	7500	8000
Gross Margin (%)	20	20	20
Overheads	3490	3680	3840
Net Profit	3510	3820	4160

A detailed breakdown of these figures is given in *Appendix 2*

10. Marketing

Awareness within the community is already fairly high. Once we have confirmed an opening date a launch event will be publicised both within the community and through local media to the wider surrounding area..

Ongoing 'advertisements' and announcements will be through the monthly newsletter, and the new Beckbury Parish website (www.beckburyparish.co.uk).

The shop will be situated in the centre of the village and will be passed by most visitors. Its attractive appearance combined with good signage should make it inviting to them.

School pupils and their parents will be important customers. The Beckbury Village Challenge is a major annual event attracting several 1000 people to the village every autumn. This can be used not just to boost sales on the day but also to raise awareness of the shop to visitors.

11. Exit Strategy

The management committee will be charged with ensuring that, as a priority, the shop builds reserves to cover times of low trading and any other contingencies. The management committee will receive monthly financial reports so that any issues can be identified quickly and measures taken to rectify them. However it is recognised that over time the number of customers or volunteers may drop to a level where the shop would be unsustainable:-

- Any decision to close the shop will be made by the management committee in conjunction with shareholding members of the Community Benefit Society and the Parish Council.
- Monies received in loans and shares will be returned pro rata to available funds.
- The building will be offered to other local organisations such as the Playing Fields Committee, the pre-school and the primary school.
- Fixtures, fittings and remaining stock will be sold separately.
- The site will be cleared and returned to its original state.
- Utilities will be disconnected following instructions from the companies concerned.

APPENDIX 1 Swot Analysis: Strengths, Weaknesses, Opportunities and Threats

<p>Strengths</p> <ul style="list-style-type: none"> • No existing shop in the Village. • Nearest competition 4 miles away. • Public transport links weak. • Shop can be tailored to the needs of the local community. • Ability to react quickly to demand. • Shop has the support of the local community. • The shop has the support of the Parish council • Expert advice is available via the Plunkett Organisation. • Other community shops in the area are supportive. • Shop reduces the carbon emissions and the cost of car travel to the nearest town. • The site is in the centre of the village and in full view of passing visitors. • In addition to local population there are: walkers, cyclists, parents of school children, small businesses and customers of the pub. • Many local produce suppliers. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • No existing premises/business to take over. • Potential planning restrictions on preferred site • Viability could be doubtful due to size of population. • Target market is currently shopping elsewhere. • Volunteers will be required to staff the shop. Will need co-ordinating and may not be reliable. • Store will be small and the range of goods will therefore be limited.
<p>Opportunities</p> <ul style="list-style-type: none"> • Unique and flexible service which mirrors the needs of the community. • Potential to grow business. • Opportunity to work in partnership with local businesses. • Possible home delivery service. • Grow the market for local produce. • Provide social interaction as added incentive to visit. • Provide training & volunteering experience. • Improvement of village facilities and residents lifestyle. 	<p>Threats</p> <ul style="list-style-type: none"> • Delivery service offered by major supermarkets via the internet. • Lack of financial investment by community. • Lack of grant funding • Lack of use and support by community.

Appendix 2

Profit & Loss Forecast

Forecast Sales/Gross Profit First 3 Full Years of Trading

<u>Sales</u>	Year 1	Year 2	Year 3
	£	£	£
Turnover	35000	37500	40000
Cost of Sales	28000	30000	32000
<u>Gross Profit</u>	7000	7500	8000

Expenses

Rent	5	5	5
Water charges	75	80	85
Electricity	350	375	400
Telephone/Internet	250	275	300
Transport	1000	1050	1100
IT support/EPOS	250	275	300
Bank charges	0	100	120
Marketing	200	150	150
Maintenance	500	500	500
Office costs	150	160	170
Consumables	120	120	120
Insurance	350	350	350
Plunkett Membership	240	240	240
<u>Total Expenses</u>	3490	3680	3840
<u>Net Profit/Loss</u>	3510	3820	4160

Beckbury Community Shop - Draft Financial Information														
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year	
Opening Balance	-	254	513	792	1,071	1,390	1,119	1,458	1,797	2,176	2,552	3,028		
Income														
Sales	2,500	2,500	2,600	2,600	2,800	2,800	2,900	2,900	3,100	3,100	3,600	3,600	35,000	
Total Income	2,500	2,500	2,600	2,600	2,800	2,800	2,900	2,900	3,100	3,100	3,600	3,600	35,000	
Variable Costs														
Staff Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stock Purchases	2,000	2,000	2,080	2,080	2,240	2,240	2,320	2,320	2,480	2,480	2,880	2,880	28,000	
Delivery Charges	83	83	83	83	83	83	83	83	83	83	83	87	1,000	
Advertising/Publicity	16	16	16	16	16	16	16	16	16	16	20	20	200	
Total Variable Costs	2099	2099	2179	2179	2339	2339	2419	2419	2579	2579	2983	2987	29,200	
Fixed Costs														
Rent & Rates	5												5	
Water	6	6	6	6	6	6	6	6	6	7	7	7	75	
Electricity	30	30	30	30	30	30	30	30	30	30	30	20	350	
Insurances						350							350	
Telephones/Internet	21	21	21	21	21	21	21	21	21	21	20	20	250	
Office costs	12	12	12	12	12	12	12	12	12	14	14	14	150	
Maintenance	42	42	42	42	42	42	42	42	42	42	40	40	500	
Bank Charges													-	
IT support/EPOS	21	21	21	21	21	21	21	21	21	21	20	20	250	
Consumables	10	10	10	10	10	10	10	10	10	10	10	10	120	
Plunkett Membership						240							240	
Total Fixed Costs	147	142	142	142	142	732	142	142	142	145	141	131	2,290	
NET CASHFLOW	254	513	792	1,071	1,390	1,119	1,458	1,797	2,176	2,552	3,028	3,510		

