

Appendix 2: Business plan for Jean Young (Consultancy)

Business name and address:

Ms. Jean Young
New House, West Street,
St. Albans

Proprietor's name and address:

Ms. Jean Young
As above

Business form: Sole trader

Business activity

Management consultancy and training for the health care market.

Consultancy assistance with business planning, financial control and marketing will be offered. This will involve working with managers with responsibilities in these areas, to help them develop and use the necessary skills. Associated services will be the provision of standard or bespoke management training, developed to suit clients' needs and delivered at the clients' convenience. A range of standard training modules has already been assembled which can be used directly or tailored to suit client needs. The work will be carried out in association with one or more larger consultancy firms.

Aims:

To provide an independent income based upon my broad business skills and experience and to allow me to plan for the future.

My husband is also bringing in an income to the family that is sufficient to support us.

Objectives:

1. Income over £17 000
2. Profit over £12 000
3. To work with at least four separate organisations during the year
4. To obtain repeat work from them whenever it is available

Market size and growth:

The main market will be the four regions of the NHS in the south east of England: Oxford, North West Thames, North East Thames and East Anglia. Within these four regions there are 45 District Health Authorities, 29 Family Health Associations, approximately 100 NHS Units (mainly hospitals) and 81 NHS Trusts. In addition there are approximately 50 fundholding general practices. The regional and district structure of the NHS is undergoing massive change, with responsibilities being devolved to semi-independent organisations. All these organisations need to develop new management skills to cope with the changes and need help and advice to cope with the constant restructuring.

Competitors:

<i>Names</i>	<i>Strengths</i>	<i>Weaknesses</i>
Consultancy:		
	<ul style="list-style-type: none"> Numerous small consultancies but the Directory of Management Consultancies in the UK lists only 14 in the relevant geographical area specialising in services for the health market. Large consultancies such as KPMG, PWC and Harvest usually take on major restructuring projects rather than work in the area I have targeted. 	
Training:		
	<ul style="list-style-type: none"> Numerous sole traders, mainly ex-NHS employees with special connections. They tend to specialise in narrow, non-‘business’ fields and are often steeped in NHS tradition and practice. This is now often seen as inappropriate. Small consultancies are the greatest threat. They understand the NHS and are cheap. I can identify 10 small consultancies operating in the area. Large consultancies and education centres do not offer great competition in this area. 	

Your business:

<i>Strengths</i>	<i>Weaknesses</i>
<p>NHS experience of training and consultancy</p> <p>Small business experience</p> <p>Small, so flexible and responsive to customer needs</p> <p>Low cost business to run</p> <p>Only need to cover business expenses for first 4 months</p>	<p>Small; could get overstretched</p> <p>Possible perceived lack of credibility</p>

Competitive advantages:

The main success factor for consultants is good client relationships. Being small, these can be developed on a personal basis and services can be adapted to meet quite specific client needs. Some good relationships are already established and will be built on.

Also, I have worked in Trusts and hospitals applying for Trust status and am keenly aware of the issues they face. I have assisted business planning in a regional headquarters, worked with GPs and carried out training programmes for districts.

Proposed customers:

See section on ‘Market size and growth’.

Buyers of my consultancy and training services will be at a number of levels within the NHS. There is no standard form of approach as each region, district, unit and Trust is different. However, there are a large number of discrete buyers, purchasing on an individual basis.

Advertising and promotions strategy:

- 1 Personal approaches, as appropriate, within the organisations. Brochures, advertising and so on are inappropriate.
- 2 Personal approaches will also be made to a number of the established small consultancies with a view to being taken on as an associate. This is an established mode of work, offering significant advantages to the firm and to the associate.

Pricing strategy:

Consultancy and training charges in the NHS range from £300 to £1200 per day (Health Service Journal).

I shall charge between £300 and £500, depending on circumstances.

Premises

Working from home as there will be no client visits. The local authority has confirmed that planning permission is not required. Consultancy will be at clients' premises and training at suitable venues.

Equipment

I already own a VW Golf and have an office at home with good quality PC, telephone and fax (value approximately £3600)

I need a laserjet printer, business software and overhead projector, flip charts and so on – cost approximately £2000.

Key people and job functions:**Background details of key people:**

Ms Jean Young, BSc.(2i in computer science, Leicester University), MBA (South Bank University).

Age 34, married, one child

Work experience includes:

- 3 years as Senior Consultant with Talbot Hawkins, a small consultancy specialising in working for the NHS, including Trusts and GPs. Work undertaken included training and consultancy in the areas of business strategy, planning and marketing.
- 2 years as Business Development Manager with Saatchi & Saatchi, working with a range of public and private sector clients.
- 3 years as Business Development Manager with Medical IT, a small company providing software solutions to the NHS. My job was related to financial control and planning.

Financial highlights

12 months to: 31 October 1999:

Turnover:

£17,200

Profit:

£12,018 (before drawings of £6600)

Break-even:

$$\frac{5,182 \times 17,200}{17,200} = £5,182$$

= approximately 13 days at a fee of £400 per day

Funding requirement:

Printer	£1500	
Software	£300	
Other	£200	
Total	£2000	including VAT

Source of funds:

Own funds

Forecast profit and loss account

Business: J. Young, Consultant

Period: Year to 31 October, 1999

Sales: £ 17,200 (A)

Less direct (variable) costs:

materials	£
direct wages	£
other	£

Total direct costs £ -

Gross profit/contribution: £ 17,200 (B)

Fixed costs (overheads):

wages/salaries (incl. taxes)	£	330
rent	£	
heat/light/power	£	
advertising	£	
insurance	£	100
transport/travel	£	430
telephone	£	450
stationery/postage	£	570
repairs/renewals	£	350
depreciation	£	2667
local taxes	£	
other Prof. fees	£	175
other Sundry	£	110

Total fixed costs £ 5182 (C)

Net profit £ 12 018

Less drawings or dividends £ 6600

Profit retained in the business £ 5418

Break-even point = $\frac{(C) \times (A)}{(B)}$

Cash flow forecast 1998/99

Month:	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Total
--------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	------	-----	-------

SALES

Volume: <i>days</i>	1	1	2	2	3	4	5	5	5	5	5	5	43
Value:	400	400	800	800	1200	1600	2000	2000	2000	2000	2000	2000	17200

RECEIPTS

Sales – cash													
Sales – debtors		470	470	940	940	1410	1880	2350	2350	2350	2350	2350	17860
Capital introduced	2000												2000
Grants, loans etc.													
VAT on cap. expend.		299											299
Total (A)	2000	769	470	940	940	1410	1880	2350	2350	2350	2350	2350	20159

PAYMENTS

Materials													
Wages/salaries <i>Sec</i>	10	120	20	20	20	20	20	20	20	20	20	20	330
Rent													
Heat/light/power													
Advertising													
Insurance		100											100
Travel <i>Petrol</i>	10	10	20	20	30	40	50	50	50	50	50	50	430
Telephone	120			100			100			100			420
Stationery/postage	130	40	40	40	40	40	40	40	40	40	40	40	570
Repairs/renewals		200						150					350
Local taxes													
Other <i>Prof. fees</i>	50											125	175
Other _____													
Capital purchases	2000												2000
Loan repayments													
Drawings/dividends					820	850	970	860	730	770	875	785	6660
VAT on purchases													
VAT paid to C & E		70			350			840			1050		2310
Total (B)	2320	550	90	190	1270	960	1190	1970	850	990	2045	1030	13455

CASH BALANCES

Cash flow (A)–(B)	(320)	219	380	750	(330)	450	690	380	1500	1360	305	1320	
Opening balance	-	(320)	(101)	279	1029	699	1149	1839	2219	3719	5079	5384	
Closing balance	(320)	(101)	279	1029	699	1149	1839	2219	3719	5079	5384	6704	6704