
Exemplar Materials: Unit 10 A Business Plan for the Entrepreneur

Constraints that could impact on the implementation of my business plan

We very rarely live in the perfect world and plans however, well conceived could go wrong due to external circumstances. Below I have tried to identify the areas which might affect my business plan. By identifying possible constraints it will enable me to consider ways that these constraints could be overcome.

Legal

All business must operate within the legal framework of the country. This can include English law and European directives. I have considered below some of the legislation that might affect my business plan.

Sale and Supply of Services Act – this Act states that the service being advertised must fairly represent the service that the customer is going to receive. This means that any advertising that I undertake must not state services or qualifications that I cannot offer or do not have.

Health and Safety at Work Act – When a business has five or more employees they must write and implement a Health and Safety policy for the business. As I am only working on my own this will not be necessary. However, if and when, I visit customers on their premises I will be required to comply with their health and safety policy.

If I am to receive customers within my own home I must ensure that they will be in no danger. I must check that there are no hazards which they could trip over, slippery surfaces or trailing wires. I must also make sure the dog is put away – I don't want to be sued for a dog bite!

Data Protection Act – This act sets out the requirements that a business is required to follow in order to protect individuals privacy. I must make sure that I do not leave confidential paperwork lying around on my desk. This is why I purchased filing cabinets that could be locked. I will have to password protect my computer so that people cannot access customers records. I will have to explain to my clients the details that I will need to keep on file, and that all data will be erased once they are no longer one of my customers. Customers will also have a right to see any data that I hold on them. One of the items that I forgot to put on my shopping list when starting up was a shredder. I will need a shredder so that I can destroy private paper work in an appropriate manner. If my business were to grow sufficiently I would have to arrange to have my shredded waste taken away by a commercial organisation. This would obviously add to my costs.

Tax authorities – I am required by law to inform the Inland Revenue as soon as I become self employed. This will enable them to send me a tax return. I will then be required to submit my accounts on a yearly basis so that a tax assessment can be made. If my turnover increases to over £56,000 I will be required to register for VAT. If I become VAT registered it would automatically put my prices up by 17.5%. This

would not affect my customers who are also VAT registered as they are able to claim the tax back. However, for those businesses who only have a very small turnover this might make my services too expensive. The overall impact might be a decrease in customers.

Financial

Within my financial considerations I have tried to be as realistic as possible. I think that all my expenditure is accurate as I spent a lot of time researching possible costs. The one item that I forgot to include on the fixed asset purchase list was a shredder as noted above under Data Protection Act.

However, my one major problem is going to be attracting clients. From my research I was not able to clearly identify how people go about seeking financial assistance when starting their own business. I feel that I am going to have to spend a lot of time travelling round industrial estates and business parks trying to find business. I am pretty confident that once I have some customers I will get further recommendations through word of mouth.

Due to the fact that I am running my business from home I do not think I will have a major cash flow problem if new customers prove hard to find. One solution to lack of work is to join an accountancy recruitment agency and try and get some work as a data entry clerk for sales and purchase ledgers. This could get me into companies. Once I have established myself I might be able to introduce the idea of me working for them on a sub contract basis. This would be cheaper than paying agency fees. I would have to be very careful that I do not get into trouble with the recruitment agency. Another start point may be to look for part time jobs in small firms. If I was to get an interview I could explain the business I am trying to set up and see if they would be interested in employing me regularly on a self employed basis rather than as an employee. In the long run this could be cheaper as they would not have to pay me sickness or holiday pay.

Social

We are becoming an aging population. This means that technically there will be less people in the workplace. If this is the case it might in the long term mean a decrease in the number of people who are self employed. However, with the current political debate about retiring age it might encourage some of the older population to start up small part time businesses. I don't think by the age of 65 most people will want to be in full time employment. However, they may not be able to retire completely. One answer might be to start up a small business and run it on a part time basis. This will hopefully supply them with sufficient income to live until they are able to receive their pension.

The growth area for products and services is going to be the aging population and people who consider offering these types of products will be the businesses demonstrating the most growth. I might need to consider what type of products and services these businesses are offering and how I can target them effectively in order to get a slice of the new target market.

Environmental

My business proposal does not have much effect on the environment. I will make sure that I use stationery from sustainable sources. I will also recycle my ink cartridges.

The car I am planning to purchase is diesel due to the fact it will be more economical than a petrol car. In the long term I could consider buying a petrol car that could be converted to gas in order to reduce pollution. This would be quite expensive to do and not a step I would consider at this moment in time.

Technological

This is one area that keeps changing at a rapid pace. The computer that I purchase at the beginning of this venture will probably have been replaced by a faster one within six months. I had to make sure that it had sufficient functions to enable me to do the job I am proposing to do.

My major concern is having software that is compatible with the businesses that I will be working with. If I have a more recent edition of a piece of software it might mean that I could not download the work that I have completed for the business back onto their computers. If a new Sage package is launched I will need to purchase it to ensure that I keep ahead of all new developments.

Some of the customers that I take on might use other packages and this might involve me having to learn new computer software. I will have to make sure that I get hold of their manual and familiarise myself with different packages. If I need to learn new packages this would have to be in my own time. I would not be able to charge a customer for the time I spent learning their accounting package. If I were to start using a package that I am unfamiliar with I might make mistakes which would not look very professional. To get round this problem I would have to explain to potential customers that I have been trained to use the accounts package Sage but would be prepared to learn others.

If a lot of my small businesses used the package 'Quick Books' which is considered easier and cheaper than Sage I would also have to purchase this software. This would have the affect of increasing my initial costs. Perhaps what I should have done through my initial research is asked potential customers what software they are currently using within the business. This would have given me a better idea of the accounting software that I would need to purchase.

Competitive

At the outset this business plan has to face a lot of competition. The competition is well established and already has a market share. My concern is whether the market can stand another new entrant – are there sufficient numbers of people running their own businesses that need help with their accounts.

I have a number of disadvantages – one is my age – will potential customers take me seriously and the second is lack of formal accountancy qualifications. To my credit I can compete on price, availability and flexibility.

I think my main USP is the fact that I am only offering a bookkeeping service. This is point that I must make when trying to compete against the large organisations.

Breaking into the market is going to be the toughest part. Most of the competitors I located were in the yellow pages. At the moment I could not afford to advertise in the yellow pages. This means that anyone starting up is not going to know of my existence. I may have to seriously consider how much it would cost to place an advertisement in the yellow pages and the Thompson Directory. This would mean that I would stand as much chance as any of my competitors when someone is looking for the services of a bookkeeper in this way.