



## Hampstead Norreys Community Shop Business Plan

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## 1 Executive Summary

This plan sets out the vision for a community owned shop in Hampstead Norreys and seeks the community's approval and commitment to proceed with legal registration and applications for funding.

As a result of the parish planning process the community expressed an interest in having a shop in the village. A questionnaire was circulated to 312 houses with an 84% response in favour of proceeding. The proposal is to register the shop as an Industrial and Provident Society for the benefit of the community. The community will have the opportunity to purchase shares and the profits will benefit only the community; there will be no personal dividend.

There are around 200 community owned village shops in the UK and, with 800 privately owned shops closing each year, there is growing interest in the community ownership model for maintaining a shop in rural villages. The success of a community shop lies in its reliance upon a team of dedicated volunteers. Most shops have 1.3 full-time equivalent staff and up to 25 volunteers. The **average** turnover is £100k.

The vision for the shop is for it to be a sustainable and attractive environment with a strong community atmosphere. The shop will offer basic commodities and quality local produce to the community. Building links with local farmers and producers will benefit the wider community economically. The shop development will be a new build at Manor Farm

The start up costs for this project are currently projected at around £56,000 and we anticipate that 80 % will be raised through grants and around 20% from shares and donations. Financial projections are extremely prudent and show that without grant funding in year one the project is not viable.

The support for community shops has been good in terms of grant giving bodies. Expressions of interest are already pending with two award making bodies which should go a long way to meeting the capital costs for set up.

The shop needs an on-going commitment from the community and, based on the information in the Questionnaire, people said they would spend an average of £12.60 per household per week. It is on this basis the figures have been presented, with a % added for passing trade. Based on these calculations the shop would have a turnover of £184K in the first year. If there is no grant funding or share capital, we would initially be unable to fit out or stock the shop.

The shop will aim to be self sustaining by year 3, allowing time to build trade and understand consumer spending patterns. The business is sensitive to price and stock costs and will rely on regular spending from the community and the ongoing support of volunteers.

## 2 Key Headlines

- Community owned and community led
- 80% response in support of a community owned shop
- A share for the whole community
- Profits reinvested for local good

- Only sustainable if people volunteer
- Local quality produce

### **3 Background**

#### ***3.1 The business Concept and activity to date***

##### **What is the business idea?**

The idea is to provide a community owned shop which supplies general provisions and ranges of local, organic and luxury goods, whilst also providing a social hub for the village of Hampstead Norreys.

##### **Where will the business operate?**

The 903 sq ft shop will be created in a new building adjacent to the old stable block in Manor Farm yard in the centre of the village. The building will be rented from Manor Farm Partnership. Suffice it to say here that the need for flexibility is understood by the Landlord and he is supportive of the project.

##### **Who will be running the business?**

A community shop management committee, to include people with accountancy, IT, retail, marketing and legal skills, will be responsible for the overall management of the shop. A shop manager, who would ideally be paid, will take on day to day management of the shop, helped by volunteers working on a shift basis.

##### **What will the business achieve and in what timescales?**

The aim is to achieve a sustainable community shop providing

- Relevant products and services within opening times appropriate to local need
- A trained, friendly and helpful staff running the shop in a professional manner
- A business which seeks involvement from the local community and is responsive to its needs and fostering a good sense of community, by providing a hub of local information and offering a welcome to newcomers.

These aims will be achieved as members of the community of Hampstead Norreys continue to work with each other and with outside agencies to plan and prepare for the opening of the shop in the early part of 2011 and its running and management thereafter.

#### ***3.2 Background to the business idea and the purpose of the plan***

As it states more fully in the Market Research section of the plan, as a result of an open meeting, all the residents of Hampstead Norreys were sent a questionnaire, in which they overwhelmingly stated that they would very much like a community run village shop. They also stated that, if this were to come about, they would support it wholeheartedly.

With this in mind we have formed a committee of people with relevant experience and commitment to facilitate the wishes of the villagers. The committee has written this plan with a view to having a good business structure and to apply for grant money where available.

### **3.3 The mission statement**

- To provide a sustainable, friendly and attractive environment with a strong 'community atmosphere' which will be a focal point for the village
- To supply quality basic products at competitive prices as well as superior, local and/or organic produce
- To provide the opportunities for all volunteers to employ their unique personal skills, feel useful and be valued

### **3.4 Legal status of the business**

Industrial Provident Society Benefit For The Community.

## **4 The Business Objectives**

The short, medium and long term objectives are identified below together with the relevant activities to help meet these objectives.

### **4.1 Short term objectives (monthly)**

- Ensure the sales targets are met
  - Review cash flow, analyse data
- Ensure that the shop is adequately resourced
  - Appoint a rota manager to
    - Review the volunteer rota plus the list of 'standby' contacts
    - Identify any holidays and any points of failure
    - Produce a weekly resource rota and make these available to all key people
- Ensure that customers' expectations are met
  - Create a communications & suggestions book for customers, to be reviewed continuously
  - Implement customers' suggestions where appropriate
- Ensure that an internal and external communications plan is up to date and communicated
  - Schedule management and staff meetings, identify any areas for concern and put an action plan in place
  - Ensure that suppliers are providing a good service and are competitive
  - Constantly review suppliers
- Ensure that all staff are fully trained
  - Produce and implement a staff training plan to include health & safety

### **4.2 Medium term objectives (year 1)**

Continue to perform all the short term objectives plus :-

- Ensure that the shop is still a viable entity
  - Undertake a detailed analysis of the financial data and implement any changes as necessary
- Hold a volunteer party to celebrate a successful 1<sup>st</sup> year
- Build passing trade

### **4.3 Long term objectives (year 2/3)**

- Ensure that the shop continues to meet customers' expectations
  - Analyse the range of goods sold with a view to ensuring these are still profitable and to increase the lines/goods available to the customer

- Consider home deliveries
- Consider Lottery machine and mobile phone topups
- Consider opening a coffee shop
- Consider fresh fish delivery
- Ensure that the shop stocks seasonal goods
- Review the management committee
- Analyse the profitability of the shop with a view to distributing profits within the community
- Check prices are always competitive

## 5 Market Research and Analysis

### 5.1 Environmental Analysis

<p><b>Political analysis</b></p> <ul style="list-style-type: none"> <li>● Monitor 'Buyer Behaviour' in an economic downturn and act accordingly</li> <li>● Although Hampstead Norreys (H.N.) local economy is still buoyant despite the national downward trend, we must bear in mind the fact that consumer outlook is very uncertain. We have low interest rates, Stock Market uncertainty, falling house prices and a major credit squeeze. All this could have a serious impact on our consumers' confidence.</li> </ul>	<p><b>Economical analysis</b></p> <ul style="list-style-type: none"> <li>● Research spending patterns and identify the 'solid performers' in food and drink trends over the last five years in order to further develop our Unique Selling Point (U.S.P.) For example, be aware of the revival in sales of Fair Trade, fresh, <u>organic</u> *and premium produce, and the downward trend in sales of local cheeses, yoghurt and ice-cream. Prepare to stock accordingly.</li> <li>● Remember that despite price pressure, the food and drink market has been a solid performer in the last five years</li> <li>● Adopt the strap line "shop often, shop local and save money." 'Landmark Wholesale' research shows that the average family wastes approximately £11 a week on food purchased from supermarkets.</li> <li>● <b>Note</b> rising fuel prices makes sense of local shopping habits</li> </ul>
<p><b>Sociological analysis</b></p> <ul style="list-style-type: none"> <li>● Be aware of the growth in affluent ABs and older consumers, and encourage them to shop locally, as they are key purchasers of local foods</li> <li>● Be aware of the need for a broad range of basic necessities at competitive prices</li> <li>● Liase with several prestigious organic /local / food outlets. Locally sourced foods are considered to be fresher, ecologically more sound and supportive of rural life, however many consumers struggle to source them. Availability of such products in our Community Shop would alleviate this problem.</li> <li>● The presence of our Community Shop would be highly advantageous to the primary shoppers (doing their main shop) who are senior citizens, or to the</li> </ul>	<p><b>Technological analysis</b></p> <ul style="list-style-type: none"> <li>● Address the fact that major retailers are actively developing their online shopping and home delivery services. (4% of consumers already do most of their grocery shopping online), by offering our own online ordering and home delivery service</li> <li>● Provide photo-copying and internet service</li> </ul>

<p>young families in the village lacking personal transport. Our local public transport is neither frequent nor convenient.</p> <ul style="list-style-type: none"> <li>• Cater for the large percentage of time-poor, cash-rich residents in H.N. by providing prestigious convenience foods and a good selection of wines</li> <li>• Provide low cost items for the village children to purchase whilst simultaneously giving them the rare opportunity to deal with 'real' money</li> <li>• Attract the custom of the parents and carers of those 44% of school pupils who live out of catchment, as they drive through the village twice daily</li> <li>• Cater for the needs of the of 'Home Workers' in H.N. by providing lunch-time food (hot soups and freshly made sandwiches)</li> <li>• Manor Farm new build development is to include offices, increasing the lunch-time food sales</li> <li>• Fill the niche market for freshly made flower arrangements for special occasions</li> <li>• Attract the healthy amount of 'Passing Trade' along the B4009 by providing snacks, cigarettes, sandwiches and cold drinks at relevant times of the day, (early am and late pm)</li> <li>• Adjust shop opening hours according to customer demand</li> </ul>	
<p><b>Environmental analysis</b></p> <ul style="list-style-type: none"> <li>• British consumers are increasingly aware of their carbon footprint and consider ethical and environmental issues when purchasing food.</li> <li>• Food miles are a major tenet of the eco debate. Research shows that four out of ten consumers consider that locally grown and bought food is better for the environment.</li> <li>• British consumers are developing a taste for better quality, fresher, more natural and more local food. Locally sourced food sales have grown by 30% over the last few years</li> <li>• Mintel's consumer research shows that over a third more adults buy more premium foods than two years ago, and a quarter buy fewer economy lines. We aim to cater for this market.</li> </ul>	<p><b>Legal analysis</b></p> <ul style="list-style-type: none"> <li>• Changes in EU legislation on the preparation of food and Health &amp; Safety which may impact on the way we are selling food items</li> <li>• Changes in EU Legislation which may impact on our suppliers of local organic products</li> </ul>

## In Summary

- Decline in privately owned village shops as large supermarkets have taken a greater market share.
- Evidence however supports the growth and sustainability of the community owned village shop, which runs on a staffing model of volunteers, rather than paid staff.
- Hampstead Norreys is situated in an affluent area of West Berkshire and the demand for the shop is based upon strong primary market research, from the Questionnaire sent to all residents. In an 80% return 85% were positive.

## 5.2 SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Detailed knowledge of potential customer requirements from Questionnaire</li> <li>• Questionnaire revealed an abundance of people (50+) willing to help voluntarily and 10 interested in the Manager's post</li> <li>• IT, Finance, Legal and Retail skills available via Committee members</li> <li>• Involvement of Community Council for Berkshire (CCB) and Social Enterprise Berkshire, plus access to The Plunkett Foundation and Mintel</li> <li>• Contacts with Rural Community Shops (formerly ViRSA) and other Community Shops</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of time (committee people are all busy people)</li> <li>• Organising and maintaining a workable rota (covering early and late shifts may be problematic)</li> <li>• Need for an excellent and dedicated Team Leader to focus and manage</li> <li>• Concern over retaining the initial enthusiasm and drive of both volunteers and committee over the years</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Increase in local shopping trend due to economic climate</li> <li>• Passing trade potential from the B4009 Newbury to Buckinghamshire Road</li> <li>• Potential extra custom from regular local events ... Newbury Races, Newbury Show, frequent Newbury Showground events</li> <li>• Popular and successful village school</li> <li>• Potential custom from the 44 families of children who attend Hampstead Norreys School but live out of catchment.</li> <li>• High quality local fresh / organic meat and vegetable suppliers willing to liase for mutual benefit</li> <li>• Community goodwill positive. 152 out of 251 Questionnaire respondents chose categories 5 and 6 out of a scale of 1 – 6 as to how important a village shop is to them</li> <li>• Skilful advertising and publicity could encourage customers from nearby areas</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Unsuccessful grant applications</li> <li>• Donor fatigue in the village due to demands from The Parish Plan, The Church, The Village Hall and other needy societies</li> <li>• Difficult relationships with local established shops within a four mile radius ... see Attachments</li> <li>• Internet ordering and home deliveries from local Supermarkets</li> <li>• Pressure to maintain competitive prices</li> </ul>

According to research provided by MINTEL the indications are that despite the current economic downturn there is still a buoyant market for good locally sourced produce. Consumers' patterns during economic downturn may well provide opportunities with buyer behaviour changing, people using their cars less and dining out less as the pennies pinch. MINTEL research also suggests that the strongest purchasers of well sourced local food are affluent ABs and older customers.

However there are potential threats around the farm shops and markets which are growing and thriving. The shop will need to ensure there is a strong culture of partnership working around the supply and demand for such products.

### **5.3 Market Research**

#### **Primary Research**

In 2008 the Parish of Hampstead Norreys published a Parish Plan Questionnaire, to which 85% of households responded. At an initial Open Meeting in 2007, before the Parish Plan was published, parishioners were asked which issues were the most important to them. One of the most important issues was identified as being the lack of a village shop.

As a result, in early 2008, a questionnaire dedicated to the village shop (attached) was sent out to every household in the parish, entitled '**Proposed Community Shop Questionnaire**'. Of the 312 households in the parish, 251 responded.

Questionnaire Results:

- 84% thought the shop important or very important
- Healthy average weekly spend per household
- Similar to a VIRSA model of a Community Shop (attached), when adding some takings for passing trade

The high level of response to the Questionnaire provides an initial confidence in the project and a clear insight into likely buyer behaviour and spending patterns.

### **5.4 The Market**

Demographic questions were put in the Questionnaire and the finding was that:

- 80% of households would use the shop once a week or more
- 44% of children at the local school live outside the village – passing trade
- 338 parishioners stated they would buy a £10 share
- 40 households said they would make a donation on top of shares
- 168 households are prepared to help in other ways

The shop will be in a farm re-development, which is in the centre of the village. It will be adjacent to a new office development, several new self catering units and a very successful existing farm bed & breakfast business.

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## Secondary Research

Secondary research has been undertaken by reviewing papers and documents produced by government departments and rurally focused organisations. In addition we have accessed national databases such as MINTEL to look at the market as a whole.

### Extracts from The Plunkett Report published by Defra & The DTI

Pg 1 para 7

*"There are currently around 150 active community owned shops in England. Most of these are located in the southern part of the country and were established during the last fifteen years. The average turnover of these shops is just under £100,000 per annum and almost all show accounting profits, mainly as a result of substantial inputs of voluntary labour. The average shop employs just 1.3 full-time equivalent staff, engages 25 volunteers and has over 100 member shareholders from the community. Most shops are registered as Industrial and Provident Societies and raise their start-up costs from a mixture of member contributions and external grants"*

Pg 2 para 4

*"Shops were requested to indicate the impact which the initiative has had on their communities. Notably, shops listed better well being, social integration and a more vibrant community, above the provision of retail services"*

Pg 2 para 6

*"The survey of community retail advisers concluded that the main factors contributing to the success of a community owned shops initiative are the demographic characteristics of the community, the local competition and opportunities for passing trade. Advisers particularly stressed the importance of the people behind the initiative, both in driving the venture forwards and managing the shop after it is established."*

Pg 2 para 7

*"The survey of the data base of community owned shops revealed few strong correlations between variables, other than a direct relationship between turnover and the number of paid staff. A general finding is that shops of all sizes and type appear to be able to operate in a sustainable manner by "cutting their cloth" to match their potential, using volunteer inputs to take up the slack in paid employment."*

Pg 3 para 2

*"On summary, the section concludes that main success factors are market potential, the availability of people to drive the initiative and a range of operational issues. The first two of these factors is considered to be necessary and sufficient. **i.e. given sufficient market potential and committed residents, community owned shops are able to overcome most difficulties.**"*

Pg 5 para 4

*"The fact that many of the enterprises surveyed exist in small communities in which privately owned shops have failed shows the potential for the model to be replicated in many more villages. If the outline suggestions in the report come to pass, community owned village shops could provide retail services for one third of all rural communities with shops by the year 2020."*

*Pg 65 para 6*

*"Community shops have been known to flourish most in communities with a high number of professional, well educated, middle aged residents, many of whom commute to work"*

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### **In Summary**

The committee has found that it is the sense of ownership by the parishioners which is the main contributory reason for making Community Shops successful. Other shops we have visited have turnovers both lower and higher than our predicted turnover but all are successful.

Whilst we are aware that there is a downturn in the economy of the country, we fully believe that this could work to our advantage, in as much as the increasing price of fuel is making everyone look closely at the journeys they make and, as a result, shopping closer to home will become more attractive.

Community Shops continue to open up and down the country, despite the economic downturn. Fifteen have opened in the last year. *Source VIRSA*

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In an attached article from "The Observer" dated 14 September 2008 Amelia Hill states that:

***"800 privately owned village shops are closing each year"***

The converse to this is, as you will read elsewhere in this document, that community run village shops are very much on the increase as they are reliant on volunteers and are not so profit driven.

When you couple all the above facts with the very strong team of committed people at the helm **we feel success is guaranteed.**

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MINTEL published the following research on 01/09/2008

**Source:** Scottish Grocer **01-09-2008**

Company Profiles

Landmark

See Also

Food Retailing - UK - November 2007

Food Retailing - UK - November 2008

A new campaign by Landmark Wholesale is encouraging shoppers to "shop often, shop local, spend less." According to their research the average family wastes at least £11 every week on food that is bought during their main weekly shopping trip, but which is out of date by the time they get round to eating it.

Managing director Martin Williams said: "Consumers have got in the habit of doing a weekly big shop at the supermarkets. Our campaign is trying to encourage shoppers to use their local shops, like Lifestyle Express, and shop more often, shop local and spend less. With fuel prices soaring and the cost of living becoming more expensive, never has the time been more appropriate for consumers to check out the good value and offers available on their doorstep."

- Some 4% of consumers do most of their grocery shopping online. If you apply this 4% penetration to grocery retailers' sales it would give an online grocery market size of £3.6 billion.
- This figure seems high, and can be explained by the fact that it is most and not all of their grocery shopping.
- Only 1% of shoppers are shopping online for big celebrations and this is an area that could easily be grown by increasing the volume of promotions.
- Events such as, Christmas, Easter and even birthdays, are times when basket sizes and values typically rise, making shopping online appear more cost effective and more convenient.
- Of the 55% of shoppers that would not consider it, we must assume that a significant proportion do not have access to the Internet or the necessary skills to use it.
- And some low spending groups will be put off by the cost of delivery.
- Locally sourced food sales have grown by 30% over the last four years to almost £4.6 billion in 2007, led by meat, bakery and dairy products, and fruit and vegetables.
- Food miles are a major tenet of the eco debate. With four consumers out of ten considering locally sourced foods as better for the environment, the category is well placed to benefit consumers' growing attention to carbon footprints."

**These facts tell us that internet shopping is not affecting the market too much and, as we thought, people are starting to shop more locally. Also, if we stock locally grown produce, we shall join a growth market.**

## **5.5 Competition**

### **Primary research**

Members of the sub-committee researched the **four local independent retail shops** located within a radius of four miles of Hampstead Norreys ... see attached map

- Four are less than three miles away and three have post offices which stimulate customer numbers
- One belongs to a franchise and has a P.O (giving an increase of 15% in footfall. Source ViRSA)
- All sell basic products at seemingly competitive prices. We compared prices within these

shops and with the local Sainsbury's supermarket ...see Attachments

- Two sell home-made cakes and high quality sweets
- One is attached to the local bakery and sells fresh bread
- None has an emphasis on fresh / organic produce
- Phone top up facilities, cash-back facilities for Debit Cards at P.O., facilities for credit card payments (minimum varies) are available at the franchised shop
- A small café and Internet facility are available at one.
- Two non-franchised shops house local post offices which stimulate local custom.
- All open at 7.00am, but close at varying times

**Also, there are specialist outlets nearby:**

1. Eling Farm Shop, owned by Mr Brian Goodenough, is situated approximately one mile from Hampstead Norreys. His farm specialises in organic vegetables and home reared organic meat.
2. Vicar's Game Farm Shop is situated approximately two and a half miles away at Ashampstead. It sells fresh meat, cheeses and fresh delicatessen produce.
3. Mr Martin Wright lives in Hampstead Norreys and owns a small organic free range pork homestead.

All three are willing to liaise with the Village Community Shop in order to reach mutually advantageous agreements.

We also researched four Community Shops, one in Berkshire and three in Oxfordshire. We learned about their:

- Start up ... research, costs, funding
- Building ... new build or existing premises, designs, fixtures and fittings
- Legal status
- Organisation of Management ... finance (treasurer and accountant), different responsibilities, specific roles
- Number of paid staff
- Volunteers ... numbers, training, roles, rota, conditions, legal rights, communication,
- Yearly profit / loss
- Stock ... variety, suppliers, systems (e.g. EPOS controlled), good and bad sellers
- Shop and stock room measurements and requirements
- Security
- 'Exit' procedures
- Publicity
- Offered extras, e.g. dry cleaning, photocopying, internet facilities
- Origin of customers, e.g. passing trade, local schools and offices, local, loyal villagers, tourists
- Percentage and types of weekly waste
- Profit margins across the board ... how they control and manipulate their overall profit margins
- Technology ... online ordering, home deliveries, electronic promotions, EPOS till system, volunteer training
- Average daily customer footfall
- Average weekly customer 'spend'
- U.S.Ps
- Insurance risks, policies

- Health and safety requirements, food hygiene certificates, first aid requirements

After research, we are confident that we shall:

- Feel able to undercut local prices, as other local retailers rely on profit margins for a living
- Aim to use the same wholesale suppliers, but, because of our status as a Community Shop, sell products slightly more competitively.
- Assume that some customers will inevitably be the same, therefore retrain H.N. villagers in their shopping habits, and persuade them to shop with us
- Sell stamps, have phone top up and electricity key facilities etc.
- Work with local fresh / organic growers and stockists for mutual benefit
- Be aware of the changing economic climate
- Listen to customer needs and respond to their demands
- Develop our U.S.Ps ... e.g.
  - Welcoming atmosphere, friendly service, ethical 'Green' philosophy, products and materials
  - Topical, themed display counter advertising local / organic /seasonal produce
  - Sunday morning croissants and newspapers
  - Fresh lunch-time sandwiches for local office staff and the large group of H.N 'Home Business Workers' and travelling workmen collecting hot pies etc
  - Bespoke flower arrangements for special occasions
  - Stocking of 'The Sunday Roast' ordered from local producers
  - Low level child friendly counter, stocked with small treats, toys and party products to encourage use of actual money by children
  - On-line home delivery service to compete with local supermarkets
  - Vouchers for the grand opening and subsequently for new residents
  - Awareness of and response to seasonal products e.g: kindling wood, Christmas trees, umbrellas, baking apples etc
  - Selling of superior quality produce for the high percentage of time-poor, money-rich residents of H.N
  - Selling of low-price everyday products for the less well off residents of H.N
  - Responding to the ever changing and worsening economic climate
  - Offer credit/debit card facilities

### **In Summary**

It is evident that there are competitors within close proximity. However, our primary and secondary research has shown that a community owned shop has a fundamental competitive edge with the additional advantage of a greater footfall due to customer loyalty. We recognise the need to work in partnership with local farm shops and producers for our mutual benefit.

## **6 The Product or Service**

A community owned and run village shop that is dedicated to the needs of the local community. Services and stock will initially be based on information from the market research Questionnaire but will remain responsive to customer need and demand.

### **6.1 What the business offers**

- Household basics
- Fresh bakery produce

- Local Meats
- Delicatessen
- Newspapers

### ***6.2 How it differs from the competition***

- The shop will be a community run shop providing a service to the community as well as a focal point in the centre of the village
- The shop will provide a friendly efficient service to the village community as well as passing trade
- Items for sale will be sourced from local producers, growers and suppliers
- The shop will support local businesses
- Some of the services offered by the shop will be unique, such as gift flower arrangements

## **7 Sales and Marketing Plan**

### ***7.1 Product, Price and Placement***

With regard to which products we will sell, we refer to the aforementioned Questionnaire which was extremely comprehensive. We have visited other community run village shops and have complete lists of what they stock and how successful various products are.

We will look at pricing very carefully. Obviously we will not be able to undercut supermarkets but feel, as we are a community enterprise, we can be quite competitive. We should be able to charge a premium for some of our products, due to convenience of location and class of product. We will always be aware of our P&L and cash flow.

We aim to cater for all sections of the community.

**7.2 This section identifies local competitors and an analysis of that data**

The Chart shows the relative positions of competitors in terms of volume of sales and cost of items

<b><u>High volume/low cost</u></b>	<b><u>High volume/high cost</u></b>
<p style="text-align: center;">X Tesco X Sainsbury's</p> <p style="text-align: center;">X Asda X Co-op</p> <p>X Lidl X Morrisons X Somerfield</p>	<p style="text-align: center;">X Waitrose</p> <p style="text-align: center;">X Marks &amp; Spencer</p>
<b><u>Low volume/low cost</u></b>	<b><u>Low volume/high cost</u></b>
<p style="text-align: center;">X HN - basics</p> <p style="text-align: center;">X Casey Fields - meat</p>	<p>X Hermitage</p> <p style="text-align: center;">X HN – luxury goods</p> <p style="text-align: center;">X Compton X Yattendon</p> <p>X Casey Fields - fresh produce, cheese</p>

**Conclusions:**

Given an accessible local shop, with convenient opening hours, we would expect that current customers of some of the above stores would use Hampstead Norreys Community shop to top up on provisions, or make significant purchases, and the following considerations should be taken into account. (Figures are taken from the attached Questionnaire, issued to all households in the parish):

- Waitrose and Marks and Spencer's customers might be expected to be prepared to pay for higher priced goods in a community shop, if of good quality. The Questionnaire showed that 54 households did their main shop in these 2 stores.
- Sainsbury's and Tesco customers may have a sharper eye for prices but still look for a certain quality in their purchases. Careful attention would need to be paid to pricing and stock in order to attract these shoppers. 105 and 102 households, respectively, did their main shop in these stores.
- Asda, Co-op, Morrisons, Somerfield and Lidl attract customers whose prime concern is value for money, which would mean keen pricing in the community shop if they were to be attracted to it. 15 households did the main shop in these stores.
- Asda and Lidl customers might be expected to purchase cheaper, basic items in a 'little and often' pattern if their resources didn't stretch to a major shop on a weekly basis. 29

households reported that they might use the community shop daily, 108 households might use it 2-3 times a week and 65 on a weekly basis. The 18 households who reported shopping without cars may also fall into one of these categories.

- Top-up/convenience shopping: Some local village shops, such as Hermitage and Yattendon, will be competition for us, as they are on through routes through Hampstead Norreys to Newbury and Reading, and drivers will be accustomed to dropping into them for convenience purchases. However there should be opportunities to attract this passing trade, through good signage and advertising. According to the Questionnaire 72 households use Hermitage shop, 43 use Yattendon and 18 use Compton.
- Casey Fields, in Ashampstead, sells quality meat at wholesale prices but their fresh produce, cheese and bakery products are quite expensive. We have spoken to them about re-selling their basic meats such as bacon, sausages and mince in the community shop as part of the local, quality product range.
- Internet shopping presents real competition to the community shop as it is time-saving and convenient. However, there could still be a need for forgotten items or weekend bakery treats from the community shop for these, often more affluent, 'out at work' households. 55 households reported shopping using the internet: Tesco (22), Waitrose (12) and Sainsbury's (11).
- On a positive note in favour of community shops over commercial village stores: those community shops we have spoken to report a willingness by villagers to support their 'own' shop and their subsequent loyalty to it, though this may take time to build up. This sense of ownership is usually reinforced by the possession of a stake in the shop and being a part of the community.

### **7.3 Promotion**

Various forms of advertising will be used to promote and advertise the shop both in the short and long term and the shop logo and colour scheme will be used where possible.

- Local and neighbouring Parish Magazines
- Local Radio stations
- Seasonal Promotions
- Road signs and advertising boards
- Leaflets
- Re-usable shopping bags
- Loyalty Cards
- Targeted Promotions

## **8 Operational Requirements**

### **8.1 Staffing**

Staffing of the shop will be as follows :-

- One paid manager and an assistant plus a number of volunteers

- A Management Pyramid structure to oversee the smooth running of the venture
  - The Chair, Vice Chair and Treasurer
  - Various Directors with specific responsibilities to cover commodities, IT, rota, stationery, fresh produce & display, staff training and communications

#### Generally

- Volunteers will be encouraged to take on roles purely within their comfort zone
- Analysis will establish the staffing required to cover the viable opening hours
- A calendar of staff appreciation- events will be implemented

#### Staff training

- Regular and updated staff training on Health and Safety, Fire Drill, Food Handling and EPOS skills

#### Other

- Use offers of Legal, Finance, Accounting and IT skills
- Management hours and salary to be decided

## ***8.2 Premises and Equipment***

The premises will be a new build, which is in the first phase of a farm re-development, in the centre of the village. It will have a very attractive ambience, being in the centre of several barn conversions and will have ample parking. It will be easily accessible from the busy B4009.

## ***8.3 Purchases and stock***

We have already approached several local producers who are willing to supply our outlet with their locally reared/grown produce. The remaining stock we will buy in bulk from the wholesaler who gives us the best deal and the best quality, together with the help to initially stock the shop. As well as this we intend to source unusual and 'country' goods from specialist suppliers.

We have listed below our initial setting up requirements:

Flooring	Microwave Oven
Decoration	Fire Extinguishers x 2
Signwriting	Telephones x 2
Epos Till	Burglar Alarm
Shelving, Gondola & Counter	Tabard Uniforms x 40
Freezers x 2	Scales
Dairy Cabinet	Oven
Baskets x 10	Stock
Pricing Gun & Labels	
Desk, Chairs & Lockable Cupboard	

## ***8.4 Quality and reliability***

- Insist on employing happy, friendly, welcoming staff
- Offer the best value for money on all our products
- Buy only from reputable and quality wholesalers and retailers
- Understand customer needs

- Continuously ask for customer opinions
- Advertise promotions electronically, house to house and on shop notice boards
- Have constant reminders for special offers
- Encourage customer suggestions for service improvement and product availability
- Provide a 'Welcome Pack' and voucher for new inhabitants of the village
- Create an appealing environment where people can meet and chat, as well as shop
- Offer a 'Pay before you spend' monthly account system aka 'reverse credit'
- Have a minimum spend limit on Credit cards
- Categorically refuse all 'tick / slate' methods of payment
- Welcome children and encourage them to use real money

## **8.5 Logistics**

The shop will be a bespoke 'new build' in the centre of the village. It will include:

Internally

- Abundant space
- Welcoming ambience
- Excellent lighting
- Convenient pricing and display systems
- Controlled temperature
- High quality staff facilities

Externally:

- Adequate car parking facilities
- A safe and open area all around
- A communal notice board
- A bench for customers
- Eventually tables and chairs (for morning coffees and afternoon teas)

We plan to stock the shop in a number of ways, both by cash and carry and by deliveries. There is adequate parking for delivery lorries. As the business evolves we will make decisions as to which is the best way forward with this.

## **9 Human Resources**

### **9.1 Training and development**

The training plan has been produced, listing the training required, the people who require training, the type of training and the frequency required. Certain training will be undertaken shortly before the shop opens (e.g. fire and health & safety and EPOS)

The training plan will be reviewed on a monthly basis to ensure that it is current and up to date. Research will be ongoing to ensure that the training is aligned with best practice and local competitors, where possible.

### **9.2 Health and safety**

We have a duty of care to avoid exposing volunteers, paid staff and customers to risks to their

health and safety. To this end, all relevant health and safety requirements will be compiled during the setting up phases. At the onset of trading, The Health & Safety Policy, plus all the necessary documentation will be in place. Everyone will be made aware of them, as part of the induction programme, and relevant documentation will be displayed at all times.

We need to:

- Register with the Local Environmental Health Department
- Ask advice from the Health and Safety Executive (HSE)
- Be prepared for visits from Health and Safety Inspectors
- Ask advice from the Local Authority
- Conduct a thorough risk assessment of the business
- Follow COSHH regulations if using or selling potentially hazardous chemicals
- Regularly practise safety routines, such as fire drills
- Put in place a stringent written recording and reporting system
- Ensure that all employees understand their Health and Safety responsibilities and put the rules into effect at all times
- Consider public liability insurance and / or product liability insurance
- Enforce the smoking ban and show the compulsory signage
- Allow only guide dogs into the shop
- Ensure that everyone understands handling food regulations, ( regular recording of refrigerator, microwave and oven temperatures)
- Meet basic standards of space, lighting, heating and toilet facilities (including regulations for disabled use)
- Include basic information about the Health and Safety policy within the Volunteer Policy
- Ensure that disabled access to the shop will comply with regulations

### ***9.3 Policies and procedures***

We will adhere to all policies and procedures relating to the employment of staff and sale of goods and produce.

## **10 Finance**

We have prepared a prudent cash forecast initially, based on the results of the aforementioned Questionnaire, for years one, two and three. The finances for the village shop are dependent upon a number of key factors. Start up funding and income generated through shares will greatly assist the success of the project. Seed funding is required for the fit out of the shop and stock and ideally some of the revenue costs for staffing in years one and two. Community owned village shops are only sustainable if there is a strong commitment from the community both in terms of volunteer time and in what people spend.

### ***10.1 Financial overview***

The financial model is currently very sensitive to a number of key factors in terms of cash flow, and in building this a number of assumptions have been made.

- Income from sales is based on what households said they would spend each week, a figure of £12.60. A small adjustment has been made for passing trade
- With no grant income the worst case scenario sees the business making a very small profit in the first three years

- It only takes an 8% increase in sales to place the business into a positive cash flow, this only equates to a weekly increased spend of £1 per household

We feel it will probably take the first two of three years for the business to become established and move into a positive cash flow situation. This is why we will be applying to some bodies for revenue grant. As you will already have read, we do have plans for 'add ons' in the future and feel sure that after a short 'bedding in' period the business will become profitable.

### **10.2 Profit and Loss**

All as attached.

### **10.3 Cash Flow**

All as attached

### **10.4 Funding justification and funding options**

This business plan has been generated to share with funders and investors in order to present a robust business case. The shop requires a total amount of £56,000 revenue grants, donations and shares purchased by the community.

We are currently exploring funding from

Leader  
COMMA  
Greenham Common Trust  
VIRSA  
Awards for All  
Rasp

Given the level of enthusiasm for the venture in the village we do not expect this business to fail. In June of last year we held an open meeting of the village and, as a result sold shares and received donations to the value of £8775. We have identified that we need to obtain grant money for setting up costs and for revenue purposes, to enable the business to 'get off the ground'. Once up and running we will continue to complete a cash flow, which will be consulted by the management team at all times.

## **11 Risk Analysis and Exit Strategy**

The steering committee will be charged with ensuring that, as a priority, the shop builds reserves in order to offer job security and manage times of low trade. We recommend that this amount is 6 months of operating costs.

The shop's cash flow will always be under close scrutiny, given that the legal structure is based around shared ownership and community benefit. Members will need to be engaged in decision making should the shop show signs of losing money. We recommend that trading of the shop cease once 30% of reserves have been used and sales continue to decline month on month within that 6 month period

We have agreed with the landlord that there will be a rapid escape from the lease. All stock and

equipment would be either given or sold off to other community organisations within the village.

## **12 Attachments**

- Results of Questionnaire on Proposed Community Shop
- ViRSA Model of a Community Shop
- Observer Article of 14/09/08
- Cash Flow/Profit & Loss
- Map
- Competitive Price Analysis

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