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# Green Entrepreneurship Europe

## – Business Planning Introduction Module

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- Preparing a business plan
- Think about your business
- Ready to go!

### Resources

Here is a list of websites which you might find useful:

- Green Entrepreneurs Europe
- The Prince's Trust
- Prospects – self employment guide

### Green Entrepreneurs Europe

The GEE (Green Entrepreneurship Europe) project aims to address the need for a green economy and increased entrepreneurship in order to provide meaningful jobs and restore our natural wealth. GEE aims to help young people to develop knowledge and skills needed to take an active role in building the green economy.

GEE is a pan-European partnership bringing together educators, business bodies and schools from across the UK, Spain, Romania, Latvia and Bulgaria.

For further information and resources visit [www.geelearning.eu](http://www.geelearning.eu)

GEE has received support from the European Union Erasmus+ programme.

### What you will learn from this module

### *\*When Character 1 is clicked\**

The aim of this module is to introduce you to the activity of business planning in the context of green entrepreneurship. It will provide you with knowledge and tools to help you prepare your own business plan.

### *\*When Character 2 is clicked\**

By the end of this module, you will understand -

What is meant by 'business planning'

The value of planning when starting a business

The key elements of preparing a business plan

### *Slide 1.4*

#### **Overview**

There are three topics in this module:

Topic 1 – What is a business?

Topic 2 – Business in real life

Topic 3 – Preparing a business plan

This module should take about 15 – 20 minutes to complete.

### *Slide 1.5*

#### **What is a business?**

A business is any organisation that **provides products or services to a customer**.

These range from small firms owned and run by one person, to large companies which employ thousands of staff worldwide.

Whilst the general **purpose of a business is to generate income**, many also aim to benefit society and the environment.

Around half a million businesses start up each year in the UK – however at least 50% of these fail within five years.

Setting up a business is a risk – so careful **planning of why, what and how** in advance of start-up is essential.

## Slide 1.6

### Why should we plan ahead?

Planning ahead is a necessity of everyday life – whether writing a report or planning a long car journey.

Drag the pictures onto the car to see why you need to consider each of these things.

*Snack feedback* - We'll bring a sandwich and some crisps so that we don't get hungry on the way.

*Destination feedback* - We need to know where we want to go to plan the route.

*Map Feedback* - We'll need this in case we get lost.

*Money Feedback* - We'll need money when we arrive at our destination.

*Fuel Feedback* - We need to make sure we know where we need to get fuel so we don't run out!

*Home Feedback* - We need to know where we're starting from so we can plan our route.

*Luggage Feedback* - Yep, we'll need to make sure we've brought the luggage we need!

## Slide 1.7

### Why invest so much effort in planning your business?

At first glance it may seem like a lot of effort particularly if you aim to start small or feel you already know what you want to do. However, no matter how successful you think you will be, Taking a structured approach to planning is vital – to others as well as yourself.

## Slide 1.8

### Yourself

There are various things you should consider about yourself (or others you propose to work with) when planning your business

**Qualifications** - You may need to gain particular knowledge or skills to run your business and there may be certain qualifications which lend credibility to what you do

**Motivation** - You need to be sure you want to start a business and that this particular business is right for you. It's an accepted fact that any start-up is very hard work – will you be able to stick at it?

**Money** - You need to know that you can afford to start a business. New businesses can take years to achieve profitability - you need to know how you will meet your living costs.

## Slide 1.9

**Others** - Your business planning should take into account a range of stakeholders

Click on the 'information' icons to see what other people and organisations you need to consider in your business plan.

**Regulators** - You need to know what you have to comply with to operate e.g. hygiene requirements, waste regulations etc.

**Competitors** - You need to know who else might be doing something similar and how you will stand out or differentiate your offer.

**Customer** - You need to be sure that others will want what you sell and know where to find you i.e. you need to plan how you will access the 'market'.

**Bank Manager** - Most businesses need financial support to start up; investors need to see a well thought out plan showing how and when they will get a return.

Quiz unlocked – Click to test your knowledge

### Slide 1.10

**Quiz** - There will now be a short quiz to test your knowledge

### Slide 1.11

Question 1

#### What is a business?

Choose the option which you think is correct

1. Any organisation that provides services to a customer
2. Any organisation that provides products or services to a customer
3. Any organisation that provides products to a customer

#### Incorrect

1) That's not quite right. A business may provide either products or services (or both) depending on the type of business.

3) For example, a shop sells products to their customers which they will then own, whereas a hairdresser will provide customers with the service of getting their hair cut.

#### Correct

2) Correct A business may provide either products or services (or both).

For example, a shop sells products to their customers which they will then own, whereas a hairdresser will provide customers with the service of getting their hair cut.

### Slide 1.12

#### Question 2

Which of the following should always be an aim of any business?

Choose the option which you think is correct

1. To make a profit
2. To address a social or environmental need

3. To generate income

**Incorrect**

2) That's not quite right. Not every business is focussed on profitability or on addressing social or environmental issues, but it will need to generate income of some kind in order to meet costs and survive. For example, a not-for-profit business may want to address a social or environmental problem, such as providing employment in a deprived area, but to do so they will need to generate income through selling their product or service.

1) Remember, income is any money which the business generates, whereas profit is made when the income is higher than the expenses (including staff wages, building rental, materials). Some businesses are happy to cover their costs without making a profit.

**Correct**

3) Correct Not every business is focussed on profitability or on addressing social or environmental issues, but it will need to generate income of some kind in order to meet costs and survive. For example, a not-for-profit business may want to address a social or environmental problem, such as providing employment in a deprived area, but to do so they will need to generate income through selling their product or service.

Remember, income is any money which the business generates, whereas profit is made when the income is higher than the expenses (including staff wages, building rental, materials). Some businesses are happy to cover their costs without making a profit.

**Slide 1.13**

Question 3

**Which of the following are key considerations when planning any business?**

Choose the options which you think are correct

Hint: there is more than one

1. When your investors will get their money back
2. The people who will want your product/service
3. The qualifications of your Bank Manager
4. The knowledge and skills of you and your partners

**Incorrect**

1 )That's not quite right. Considering when your investors will get their money back, who your customers will be, and the knowledge and skills of you and your business partners are all important when planning any business. But that's not all, new businesses should consider:

- How they will advertise themselves
- What other businesses are offering a similar product

- How their business process will work
- What materials or equipment is needed and where to get it from
- What laws and regulations will apply to the business

### **Correct**

1& 2& 3 Correct Considering when your investors will get their money back, who your customers will be, and the knowledge and skills of you and your business partners are all important when planning any business. But that's not all, new businesses should consider:

- How they will advertise themselves
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- How their business process will work
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- What laws and regulations will apply to the business

### **Slide 1.14**

#### **Business in real life**

As with any subject, it's good to see what happens in real life.

In this section we'll take a look at three example businesses – all of which have begun in recent years.

### **Slide 1.15**

#### **Case Study 1: ReCon Waste Management**

Recon Waste Management is an example of an innovative business which identified a 'gap in the market' for a new process to solve an environmental problem while also creating products which can be sold.

#### **Seeing a business opportunity**

The original business on Daniel Connolly's family farm was renting machinery, such as diggers, to be used by farmers and builders.

But when Daniel found out that the law was changing to stop waste from road sweepers and road-side drains going to landfill, he saw an opportunity to do something different.

## Developing a new process

The mud which is collected by road sweepers contains a mixture of clay and sand, called silt, as well as small stones.

This mud used to be sent to landfill, for which a charge was made.

ReCon Waste Management developed a process which washed this mud and separated out the materials within it. This creates useful products which can be sold.

## Product

The separated and washed materials are sold to other businesses for different purposes:

**Stones and gravel** This material is called 'aggregate' and is sold to the construction industry for several uses depending on the size of the material. Stones can be used as a base layer to build a road. One customer uses fine gravel to manufacture concrete 'gullies' which will collect rainwater and mud from the road; this will end up being brought back to ReCon – so the mud collected in the gullies is used to make more gullies!

**Organic material** Made up of clay, sand, and natural fibres (such as leaves which have fallen on the road), the organic material from the mud has lots of nutrients and is used by local farmers to improve agricultural land.

## Environmental benefits

ReCon Waste Management's approach benefits the environment in different ways:

- In the last four years 50,000 tonnes of street sweeping waste has been diverted from landfill
- Reclaiming stones and gravel reduces the need for industries to quarry for this sort of material
- Soil product improves the quality of agricultural land

## Slide 1.16

### Case Study 2: Cycle Recycle

Cycle Recycle was started by Gerard Hughes, who works with his two sons. Their business is a social enterprise which refurbishes old bikes to make them 'as good as new' and supply them back to the community at an affordable price.

### Seeing a need to do something different

Gerard Hughes explains how he got the idea to set up Cycle Recycle by seeing bikes which had been left at a recycling centre:

“I saw a kid’s bike and said to the amenity attendant, can I have that bike, with the plan of doing it up and giving it to a child free of charge and the guy said no, sorry I can’t, we have got to dispose of this, it goes for crushing. That upset me and I went home and thought I’m going to do something about this.”

“The most annoying bit was that time and time again we’d been to the amenity site and seen bikes there that in our eyes were perfectly good, they were just going to waste.”

### **The business model**

As well as bikes originating from the amenity sites, Cycle Recycle also receive bikes donated from members of the public and indeed Gerard would much prefer bikes ending up with him than thrown out. “We service them and refurbish them and we supply them back into the community again at an affordable price. The idea behind this is to help people to improve their mental, physical or emotional well-being at a very low cost.”

Cycle Recycle stock anything from trikes for very young children to BMXs, Mountain Bikes for all ages, ladies’ bikes, mens’ bikes, racing bikes and hybrid bikes. It’s not just about bikes, they also work with go karts – basically anything that can physically make you move they take on board.

### **A growing business**

At the start it was just Gerard with help from his brother Tony. Now his son Ryan is involved in the business along with three others. The business has just moved into sales of bicycle accessories too. Stock includes helmets, tubes, tyres, pumps, lights, high visibility safety wear, bells, bottles and bottle cages and some maintenance items.

### **Social benefits**

Cycle Recycle is a social enterprise; this means that every penny earned goes back into the business in order to benefit society.

The ways that Cycle Recycle provides benefits to society include:

- Providing bikes at low cost to people who might not be able to afford a new one – this will allow them to get around more easily and might allow them to get a job further away from home, or to more easily meet friends
- Encouraging exercise, which can improve health

This will also have environmental benefits; can you think what these would be? Think about the Recon Waste Management case study.

## **Slide 1.17**

### **Case Study 3: Tails Swimwear**

Tails Swimwear is a new business, based in Australia, which makes good looking and practical swimwear for surfing. The business has only recently launched, but the founder, Katie, has spent two



years getting it set up. We asked her some questions about her experience of setting up this new business.

Click below to play the video

### Slide 1.18

#### Preparing a business plan

What do we mean by a *business plan*?

The business plan is the blueprint for your business. It's a formal document that –

- Helps **you** work out everything you need to think about when starting your business (and running it once established)
- Allows **others** to understand your business and make decisions, for example on whether or not to lend you money

Thinking about the **Why**, **What** and **How** of your proposed business can be a simple way to begin to prepare your plan.

### Slide 1.19

#### Think about your business

To help you think through what should be in your business plan click on the boxes for some questions which will help you think about what to include in your business plan

- Why?
- What?
- How?

### Slide 1.20

#### Why?

Click the arrows to expand

1. Why do you want to start your business?

It's your hobby/interest?  
To make money?  
To help the environment?

2. Why are you the best person / people to run the business?

Any experience?  
What do you need to learn?

Basic accounting? Driving licence? Health and Safety training?

3. Why will people want your product / service?

Who are your competitors?  
What do they not offer that you will?  
What is your 'Unique Selling Point'?

## Slide 1.21

### What?

Click the arrows to expand

**1. What are you planning to sell?**

A product or a service? Or both?  
Can you describe it?  
Drawings? Images? Mock-up product?

**2. What is your market?**

Who is your customer?  
Have you tested the market?  
Surveys? Samples? Trial run?

**3. What are the impacts of your business?**

Will you be a responsible business?  
Waste? Energy use?  
Ethical materials? Local jobs?

## Slide 1.22

### How?

**1. How will you sell?**

How will you advertise?  
Face to face selling?  
Website? Using social media?

**2. How will you operate?**

Where will you run your business?  
What equipment, materials, transport will you need?  
What regulations will apply to you?

**3. How will you finance your business?**

A loan?  
What are your costs?  
What price will you sell at?

## **Download**

Download this worksheet on which to make notes as you work through this section. This will help you to think about what you will need to include in your business plan.

## **You're ready to go!**

Congratulations! You have completed this module on business planning.

We have covered:

- What is meant by 'business planning'
- How real life businesses have been planned and set up
- The key elements of preparing a business plan

