

Bretforton Community Shop Business Plan

September 2013

Mission Statement

- ▶ Our mission is to establish a community-owned shop which can be an essential service and key focal point for the whole village, providing a range of fresh local produce, and everyday essentials such as postal services, groceries, newspapers, cigarettes and off licence sales.
- ▶ In addition the shop will be a new social centre for the village by offering tea and coffee shop facilities, snacks and free internet access.



Executive Summary

- ▶ The Bretforton Community Shop Limited is an Industrial and Provident Society for the Benefit of the Community established to provide the village of Bretforton with a local general store, newsagents and post office offering a range of products based on the needs demonstrated by a village survey.
- ▶ Earlier this year, the last shop in Bretforton closed, leaving the village without a shop for the first time in over 100 years.
- ▶ Now, the entire community has overwhelmingly indicated a desire to open a Community Shop – owned by the village and run to meet the needs of local residents.
- ▶ **Community shops are booming across the UK. There are over 300, and because they are owned by their local communities and run to meet local needs they are highly successful. None closed in 2012, and the average community shop shows a trading profit of £5,000 which can be re-invested in the shop or donated to other community activities.**
- ▶ Our plan is to raise funds to acquire a Portacabin to house the community-owned shop on the car park of the Bretforton Community Social Club which is located at the heart of village, and equally accessible to passing traffic on the busy main road through the village.



- ▶ We estimate that of £50,000 will be required to acquire and refurbish a portacabin and stock the shop. This will be raised by the sale of shares to the community together along with sponsorship, loans and grant support from other sources.
- ▶ Forecasts have been prepared on a conservative basis using data from the village survey and the experience of other community shops. They show that shop moves into profit by month 8, records a loss of less than £2,000 in year one and is profitable on an annual basis thereafter. This is based on an estimated turnover of around half of that achieved by the recently closed commercial shop.
- ▶ After providing for the needs and development of the business any surplus profits will be used for the benefit of the local community rather than be distributed in any form to shareholders.
- ▶ A community share issue will be launched in September 2013. The will provide an opportunity for villagers to contribute financially to a valuable community facility with the expectation of a social dividend rather than financial reward. We anticipate raising £25,000 as a result of this share offer, which will unlock matched funding from other sources.

Introducing Bretforton

- ▶ **Bretforton** is a rural village in Worcestershire. Bretforton is 4.4 miles (7.1 km) east of Evesham .At the 2011 census, Bretforton had a population of 1,052 in 46x households. New housing developments are expected to take the population close to 1500 within the next 3 years.The area of the parish is 7.33 square kilometres.
- ▶ There is a village hall, a garage, a sports and social club and a Royal British Legion club.
- ▶ Bretforton is also home to the Bretforton Silver Band that can trace its roots back to 1895 when it was known as Bretforton Temperance Band.
- ▶ It perhaps most famous for The Fleece Inn – a 300 year old National Trust pub renowned nationwide for its hosting of the famous Asparagus Auction.
- ▶ It also used to have a shop and Post Office.....

The famous Fleece Inn during filming for a TV Series



St Leonards Church and the Village Square



The recently closed village shop and Post Office



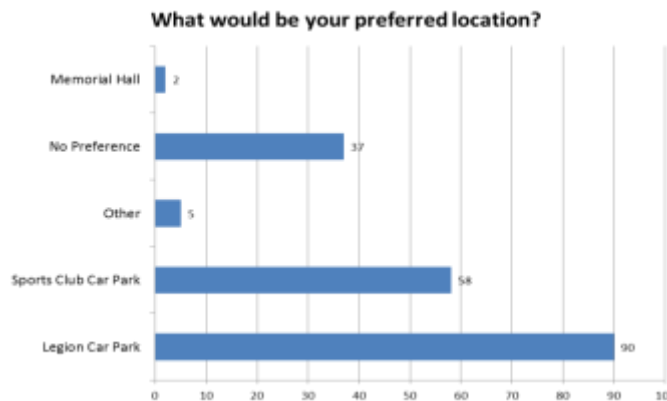
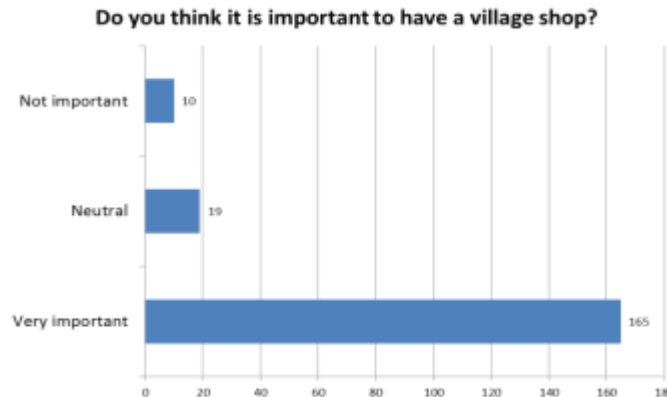
Strong Support for a New Community Shop

Key Findings

- ▶ 85% of the village considered it was very important to have a village shop.
- ▶ 78% of the village would use a new shop every week or more frequently.
- ▶ 45 people said they would volunteer to work in the shop (average number of volunteers in a typical community shop is 30, according to Plunkett foundation).
- ▶ The preference is for a central village location with parking.
- ▶ There was a strong need identified for postal services.
- ▶ Following the closure of the old village shop, most residents were using local shops in surrounding villages as there first choice alternative.

Notes on survey:

- ▶ 400+ households in the village, over 90% surveyed individually
- ▶ 194 returned – close to 50%



Benefits and Value of a new Community Shop

▶ Benefits

- ▶ Create a focal point for the whole community
- ▶ Meeting place and coffee shop
- ▶ Convenient location for everyday essentials
- ▶ Fresh produce from local producers
- ▶ Postal Services
- ▶ Access to services – Internet, local message boards, local news, book swaps, recycling and collection services

▶ Value to the community

- ▶ Reduced transport costs
- ▶ Better access to local produce
- ▶ Supporting local enterprises
- ▶ Time saving
- ▶ Increased house value
- ▶ New opportunities to socialise
- ▶ A new village focal point
- ▶ A greener option

Business Strategy

▶ 2013

- ▶ Establish a community owned company (an Industrial and Provident Society) to raise funding and to provide the legal structure for the management of the new shop.
- ▶ Open the new shop quickly in a central village location— using a temporary pre-fabricated building

▶ 2014

- ▶ Build a thriving and successful community shop for Bretforton

▶ 2015

- ▶ Work with the Parish Council and other village stakeholders to build a permanent community shop as part of a funded integrated village plan



The first Bretforton Community Shop

► Location

- The shop will be in a central village location alongside the Community Social Club with ample parking
- This location is the choice of the majority of the villagers
- Access is direct from a busy B road carrying significant passing traffic to nearby industrial estates
- The main road location will boost revenue as a result of passing traffic



The British Legion Car Park with the mobile Post Office on site



A success example of a Community owned shop in Alfrick, Worcs

Business Plan

Start up costs and investment requirement

► Estimated start up costs

INITIAL COSTS SUMMARY (inc VAT)	ITEM	TOTAL
	£	£
Building & Access:		
Cost of Second hand Portakabin	9000	
Transport of Portakabin	500	
Site preparation - External Paving & Access & Signage	4500	
Electrics	1500	
Plumbing	1500	
Planning Permission	2000	
		19000
Shop Equipment:		
Counter & Shelving	1500	
Freezers, Fridges,	4500	
EPOS, Scales	4700	
Computers	1000	
Security & Alarm Systems	1000	
Telephone/Broadband (initial installation)	200	
Fire Equipment	150	
Miscellaneous (Chairs, Pricing Gun, Baskets etc)	400	
		13450
PO Equipment: (if needed on day 1)		
Screenless Sub-PO Counter	3500	
PO Signage	300	
		3800
Legal and Financial		1000
Working Capital and Contingency		5000
Total Capital Items		42250
Initial Stock		7500
Pre-trading Expenses (insurance,wages, power etc)		1000
Total start up costs		50750

► Investment requirement

COMMITTED SOURCES OF FUNDS		
Bursary from Plunkett		2000
Seed Funding from Parish Council		750
Total Current Funding		2750
COMMUNITY SHARE ISSUE		
Community Share Issue - estimated target		25000
ADDITIONAL SOURCES OF FUNDS		
Grants		10000
Donations and Fund Raising		5000
Loan		8000
Total Estimated Funding		48000
POTENTIAL TOTAL START UP FUNDING PROFILE		50750
DEFICIT/SURPLUS CAPITAL		0

Business Plan

3 Year P&L Projection

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar 14-Feb 15	Mar 15-Feb 16	Mar 16-Feb 17
	£	£	£	£	£	£	£	£	£	£	£	£	\$	\$	\$
Sales															
General Sales	10,000	10,000	13,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	17,000	21,000	135,000	170,000	197,000
Post Office Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	10,000	10,000	13,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	17,000	21,000	135,000	170,000	197,000
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Goods Sold	8,000	8,000	10,400	9,600	10,400	11,200	12,000	12,800	13,600	14,400	13,600	16,800	104,000	131,000	151,000
GROSS PROFIT	2,000	2,000	2,600	2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,400	4,200	31,000	39,000	46,000
GROSS PROFIT %	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	23%	23%	23%
Total Income - Gross Profit	2,000	2,000	2,600	2,400	2,600	2,800	3,000	3,200	3,400	3,600	3,400	4,200	31,000	39,000	46,000
Staff Costs incurred by FG4															
Salaries	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	21,960	22,619	23,297
Employers - NI	220	220	220	220	220	220	220	220	220	220	220	220	2,635	2,714	2,796
Pensions	55	55	55	55	55	55	55	55	55	55	55	55	659	679	699
Other Staff Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Staff Costs incurred by BCS	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	25,254	26,012	26,792
Property Related Costs															
Rent	100	150	150	150	150	150	150	150	150	150	150	150	1,750	1,803	1,857
Rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	60	60	60	60	60	60	60	60	60	60	60	60	720	742	764
Security	30	30	30	30	30	30	30	30	30	30	30	30	360	371	382
Heat & Light	120	120	120	120	120	120	120	120	120	120	120	120	1,440	1,483	1,528
Phone & Broadband	35	35	35	35	35	35	35	35	35	35	35	35	420	433	446
Water Rates	20	20	20	20	20	20	20	20	20	20	20	20	240	247	255
Repairs/Maintenance	30	30	30	30	30	30	30	30	30	30	30	30	360	371	382
Total Property Related Costs	395	445	445	445	445	445	445	445	445	445	445	445	5,290	5,449	5,612
Other overheads															
Credit Card Charges	40	40	52	48	52	56	60	64	68	72	68	84	704	725	747
Professional Fees	30	30	30	30	30	30	30	30	30	30	30	30	360	371	382
Printing, Postage & Stationery	20	20	20	20	20	20	20	20	20	20	20	20	240	247	255
Marketing	25	25	25	25	25	25	25	25	25	25	25	25	300	309	318
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repayments	50	50	50	50	50	50	50	50	50	50	50	50	600	618	637
Miscellaneous	50	50	50	50	50	50	50	50	50	50	50	50	600	618	637
Total Other Overheads	215	215	227	223	227	231	235	239	243	247	243	259	2,804	2,888	2,975
Total Expense	2,715	2,765	2,777	2,773	2,777	2,781	2,785	2,789	2,793	2,797	2,793	2,809	33,348	34,348	35,379
Profit & Loss for the month	(715)	(765)	(177)	(373)	(177)	20	216	412	608	804	608	1,392	(2,348)	4,652	10,621

Business Plan

Cash flow projection

Cashflow Forecast													
	Pre-Opening	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Opening Balance	0	10,708	9,994	9,229	9,053	8,680	8,504	8,523	8,739	9,150	9,758	10,561	11,169
Income													
- Sales (Gross)		10,000	10,000	13,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	17,000	21,000
- Loan Finance	8,000												
- Capital Introduced	25,000												
- Committed funding	2,750												
- Other Income	15,000												
Total Income	50,750	10,000	10,000	13,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000	17,000	21,000
Variable Costs													
- Staff Costs		2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105
- Stock Purchases		8,000	8,000	10,400	9,600	10,400	11,200	12,000	12,800	13,600	14,400	13,600	16,800
- Delivery Charges													
- Advertising/Publicity		25	25	25	25	25	25	25	25	25	25	25	25
Total Variable Costs	0	10,130	10,130	12,530	11,730	12,530	13,330	14,130	14,930	15,730	16,530	15,730	18,930
Margin	50,750	(130)	(130)	471	271	471	671	871	1,071	1,271	1,471	1,271	2,071
Fixed Costs													
- Rental Charges		100	150	150	150	150	150	150	150	150	150	150	150
- Rates		0	0	0	0	0	0	0	0	0	0	0	0
- Insurances		60	60	60	60	60	60	60	60	60	60	60	60
- Security		30	30	30	30	30	30	30	30	30	30	30	30
- Heat/Light etc		120	120	120	120	120	120	120	120	120	120	120	120
- Telephones		35	35	35	35	35	35	35	35	35	35	35	35
- Water Rates		20	20	20	20	20	20	20	20	20	20	20	20
- Maintenance		30	30	30	30	30	30	30	30	30	30	30	30
- Printing, Postage & Stationery		20	20	20	20	20	20	20	20	20	20	20	20
- Waste Collection													
- Professional Fees		30	30	30	30	30	30	30	30	30	30	30	30
- Bank Charges		40	40	52	48	52	56	60	64	68	72	68	84
- Other Expenses		50	50	50	50	50	50	50	50	50	50	50	50
Total Fixed Costs	0	535	585	597	593	597	601	605	609	613	617	613	629
Other Costs													
- Loan Repayment		50	50	50	50	50	50	50	50	50	50	50	50
- Capital Purchases	45,750												
- VAT Payment/Reclaim	(5,708)												
Total Other Costs	40,042	50	50	50	50	50	50	50	50	50	50	50	50
Fixed & Other Costs	40,042	585	635	647	643	647	651	655	659	663	667	663	679
NET CASHFLOW	10,708	9,994	9,229	9,053	8,680	8,504	8,523	8,739	9,150	9,758	10,561	11,169	12,560

Business Plan

key assumptions

► Sales Forecasts

Sales

A first year sales forecast of £135,000 in the first year compares with sales of £300,000 achieved by the recently closed village shop in its trading year 2011. The community ownership model means that even though residents have made alternative shopping arrangements since a shop closure, trade quickly returns to a village-owned enterprise.

Sales in years 2 are estimated to grow by 26% and in year 3 by 14%, but still well short of what has historically been achieved in the village.

Alfrick Community Shop achieved £100,000 sales in its first year (Alfrick population 511 <50% of Bretforton).

Barford Community Shop achieved sales of £300,000 in year 1. Barford, with a population of 1600 has a similar demographic profile as Bretforton which is 2/3rd its size.

Margin

The average margin across the Plunkett Community Shop Network is in the low 20%. Barford achieves 23%; Alfrick has achieved 26% and Peopleton 24%. The plan assumes a conservative 23% figure.

► Cost estimates

Start up Costs

These are based either, on current supplier “deals” negotiated for community-owned stores – such as the EPOS system, or on the real world costs of other community stores following near identical business models – e.g Alfrick start up costs

On-going costs

The plan allows for a full time manager to oversee the smooth running of the store and the co-ordination of volunteer staff. This is the recommended Plunkett model.

Other on-going costs are in line with actual costs experienced by other community shops.

Cost inflation of 3% has been assumed in years 2 and 3.

► Cash Flow

As would be expected of a retail operation, the business is cash generative, with cash flow closely tracking sales and turning positive as the business moves into profit in month six.

► Funding

Community Funding

The budget calls for the community to raise £25,000 by way of a share issue and a further £5,000 by donations and fund raising. By comparison, Alfrick village raised £20k from a share issue, while Barford raised £100k from a combination of shares and donations.

Additional Sources of Funding

The community commitment to the shop unlocks access to matched funds from grant-awarding bodies, as well as to commercial loans from organisations supporting co-operative enterprises.

Further indications of potential funding support are directly from the Bretforton Parish Council and from developers building new housing in the village.

How we will secure funding:

The Community Share Offering

► Overview

A legal entity has been set up under the arrangements and constitution of an Industrial and Provident Society - a form of co-op. This is a democratic structure used by the majority of community shops and gives a legal basis for the shop to trade. It is registered with the FCA (Financial Conduct Authority) as 'Bretforton Community Shop Ltd'.

A £10 share will give membership of the Community Shop, a vote at the AGM and a say in how it is run. We will of course encourage individuals and local businesses to subscribe for additional shares over and above the initial membership share.

Under the democratic constitution members have a single vote, regardless of the number of shares held.

► Reasons to invest – benefits

The share issue has been designed to provide local people and organisations with the **opportunity to support and contribute financially to the community shop business** in the expectation of receiving a “social dividend” rather than a financial return.

For those buying larger quantity of shares, there may be the possibility of income tax relief at 30% under the Enterprise Investment Scheme and we intend to request advance assurance from HM Revenue and Customs that shares in Bretforton Community Shop will be eligible.



► Investment Risk

Liability is restricted to the value of the shares held. An average investment amount in a community shop share issue is £25 - £100.

The Bretforton Community Shop Ltd share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means there is no right of complaint to an ombudsman. A community benefit society is registered with but not authorised by the Financial Conduct Authority and therefore the money you pay for your shares is not safeguarded by any depositor protection scheme or dispute resolution scheme.

In the unlikely event that the business should fail, there is no further liability.

We are being advised by The Plunkett Foundation who are a long established charitable trust supporting co-operative rural enterprises.

Community shops are booming across the UK. There are over 300, and because they are owned by their local communities and run to meet local needs they are highly successful. None closed in 2012, and the average community shop shows a trading profit of £5,000 which can be re-invested in the shop or donated to other community activities.

Risks and Mitigation

Delays to the timetable for opening

Mitigation: Planning of operational aspects running in parallel with fund raising, such as volunteer training, setting up of suppliers and operational procedures. Use of detailed project planning processes to review and keep project on track.

Trading not at the level expected

Mitigation: Use of an EPOS system integrated to a monthly management accounts and reporting system will allow rapid response to identify customer demands and respond to them effectively. Increased use of local marketing to drive customers into the shop.

Time and availability of key committee members

Mitigation: The committee is 12 strong – larger than the typical community shop committee, which allows the equitable distribution of tasks as appropriate. The collective breadth of skills means that activities can be re-allocated to alternative members should the need arise.

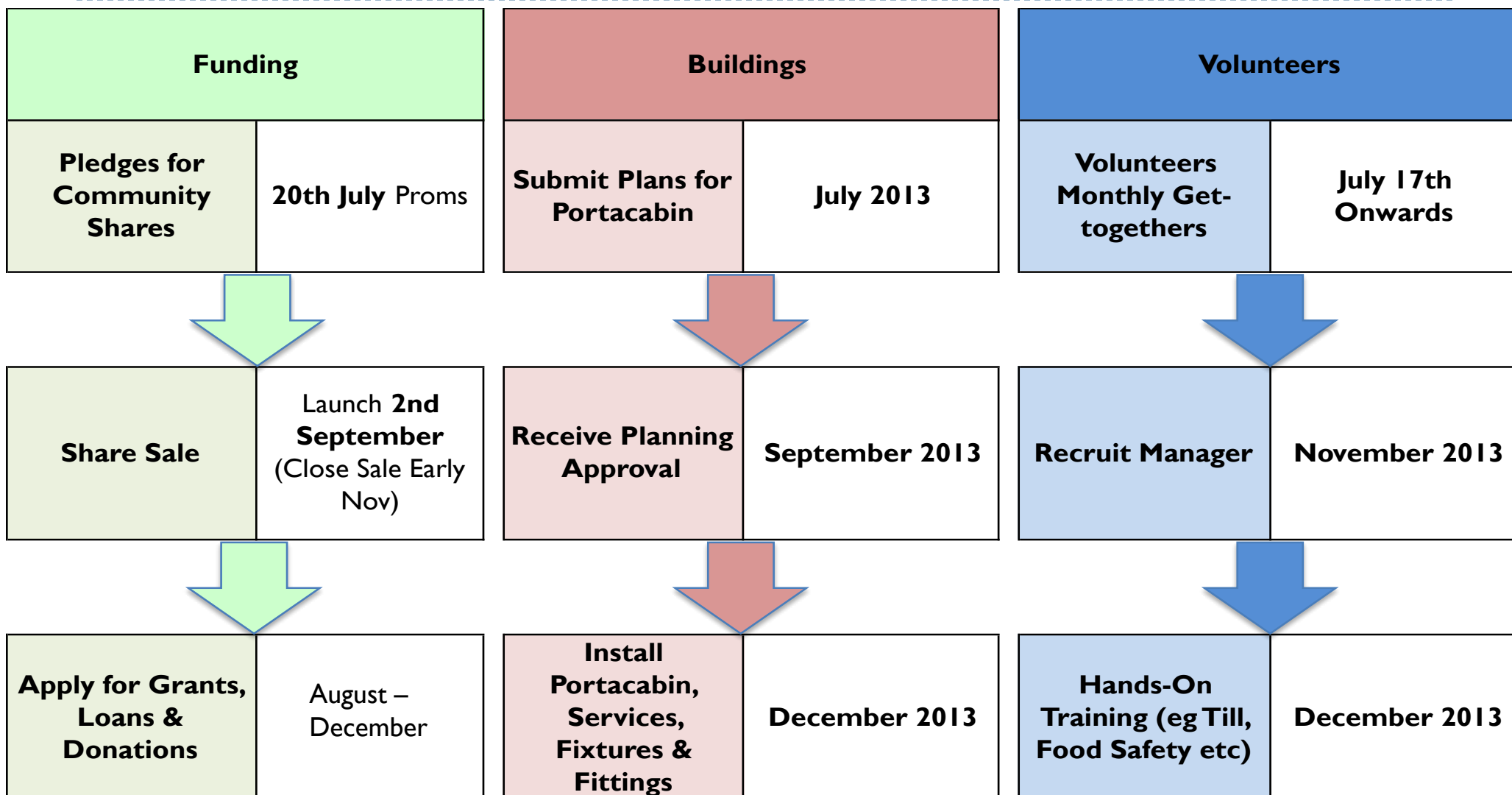
Lack of volunteers

Mitigation: We are already running an active volunteer management programme which recognises that succession planning and maintaining numbers is an on-going part of community shop management. The current number of volunteers in the programme exceeds the average requirement for community shops identified by the Plunkett Foundation.

Competition for other local shops and/or a commercial shop in the village

Mitigation: All the evidence shows that even after a long period of time without a shop, villages rapidly change their habits of shopping outside the village to support “their” shop and take advantage of not having to travel outside the village. This behaviour is strongly reinforced by the social aspect of a new community shop.

Timetable to Opening – 1st Quarter 2014



Shop Operations

Premises

The shop will operate from a 40' x 12' Portacabin, offering 480 sq ft of retail space. In addition, separate storage space will be made available by the adjacent Social Club.

Products and Services

In addition to groceries and everyday essentials, the shop will stock a range of local produce, supporting local suppliers. The stock list will be drawn up in consultation with the village, with strong volunteer input and will be cross referenced against other similar community shops.

Post Office Facilities

A further consultation will take place with the village to discuss the most required services normally delivered by a Post Office. Current options are to open as a Post Office Local, or alternatively have a mobile post office for selected hours supplemented by other services such as Royal Mail parcel collection and PayPoint.

Staffing

The shop will have a paid manager whose primary task will be the training and management of the volunteers. Answerable to the Management Committee, he or she will ensure consistent implementation of standards and ensure the merchandising, stock levels and trading performance of the shop is in line with budgets.



We anticipate anywhere between 30 and 50 volunteers who will be the “lifeblood” of the shop.

Opening Hours

Opening hours will be dependent on the number of volunteers, but core hours are expected to be 8.00-5.30 weekdays, 8.00 – 1.00 Saturdays and 9.00 – 12.00 on Sundays and Bank Holidays. We will consider extended hours based on further input from the community.

Target Markets

The two primary markets and the village community itself, along with trade from vehicles passing along the busy B4035 to nearby industrial estates. Feckenham, a similar shop in Worcestershire, achieves 30% of its trade from passers by, rather than from the village itself.

Marketing and Promotion

The Shop Committee has already built a comprehensive communications programme with the village using traditional methods, such as meetings, parish magazines and leaflet drops combined with social media, where a strong Facebook presence is well established.

This network will be harnessed to promote the shop, including new products, special offers and incentives to visit the shop. We will also direct market the local industrial estates and self employed tradespeople who constitute a lot of the passing traffic on the B4035.

The Management Committee



▶ Chris Buckham - Chairman

Chris is an experienced Marketing and Product Director, with strong expertise in information technology. Over the past 30 years he has developed profitable product strategies and successfully marketed software, Internet services and technology on a global basis



▶ Ayse Moseley - Treasurer

Ayse (pronounced I-sha in case you were wondering!). I am the Headteacher at Bretforton First School. I have worked at the school since 2002 and haven't stopped enjoying every minute of it.



▶ Joanne Davenport – Secretary

Joanne has worked for the National Trust for over 10 years including volunteer management and training, event planning, marketing and working with local community groups. Joanne has lived in Bretforton for 2 years and is also Treasurer of the Village Hall.



▶ Kim Carter –Volunteer Co-Ordinator

Kim has lived in the village for many years and is a Bretforton Parish Councillor. She works for Tesco in Evesham, where she is employed as the local Community Support Officer.



▶ Dave and Alex Miskin – Shop Operations

Alex and I have lived in Bretforton for 12 years, bringing up our two children. We have always worked in retailing at organisations like Asda and M&S, so we hope we can bring some of this experience to help the community. .



▶ Kate Buckham – Marketing & Promotion

Kate has lived in Bretforton since 2004. A law graduate, she started her working life at the BBC and has over 15 years' experience of marketing in the IT industry with Mitsubishi Electric and Sanderson Group plc. Kate is Chair of Governors at Bretforton First School.



▶ Bob Bullock

In a 35 year armed forces career, Bob graduated from the Army Staff College and the National Defence College. He was Commander of the British Rear Combat Zone in Germany and Deputy Commander of the Royal Logistic Corps attaining the rank of Brigadier.



▶ John Cleveland

Married with two daughters and a former CEO and Director within National Textile Rental Businesses. Previous experience includes factory start-ups and business acquisitions. Currently, a CAB adviser and Bretforton Parish Councillor.



▶ Paul Lisney

Paul is a senior manager and consultant with a proven track record of delivering results who thrives on challenge. Focused on delivering business goals with extensive experience of creating winning teams across global organisations,



▶ Reg Pincher

Reg Pincher spent his working life spent in the building industry with experience in hospital, commercial and office building projects. He retired in 1992 from position as MD of a consultancy practice.

The Management Committee

(Continued)



▶ Nigel Smith

Nigel is the Landlord of The National Trust-owned Fleece Inn in Bretforton and has been resident here for the last 11 years. He is also a Governor at Bretforton First school and a Trustee of the Tracy Sollis Leukaemia Trust.



▶ Keith Wright

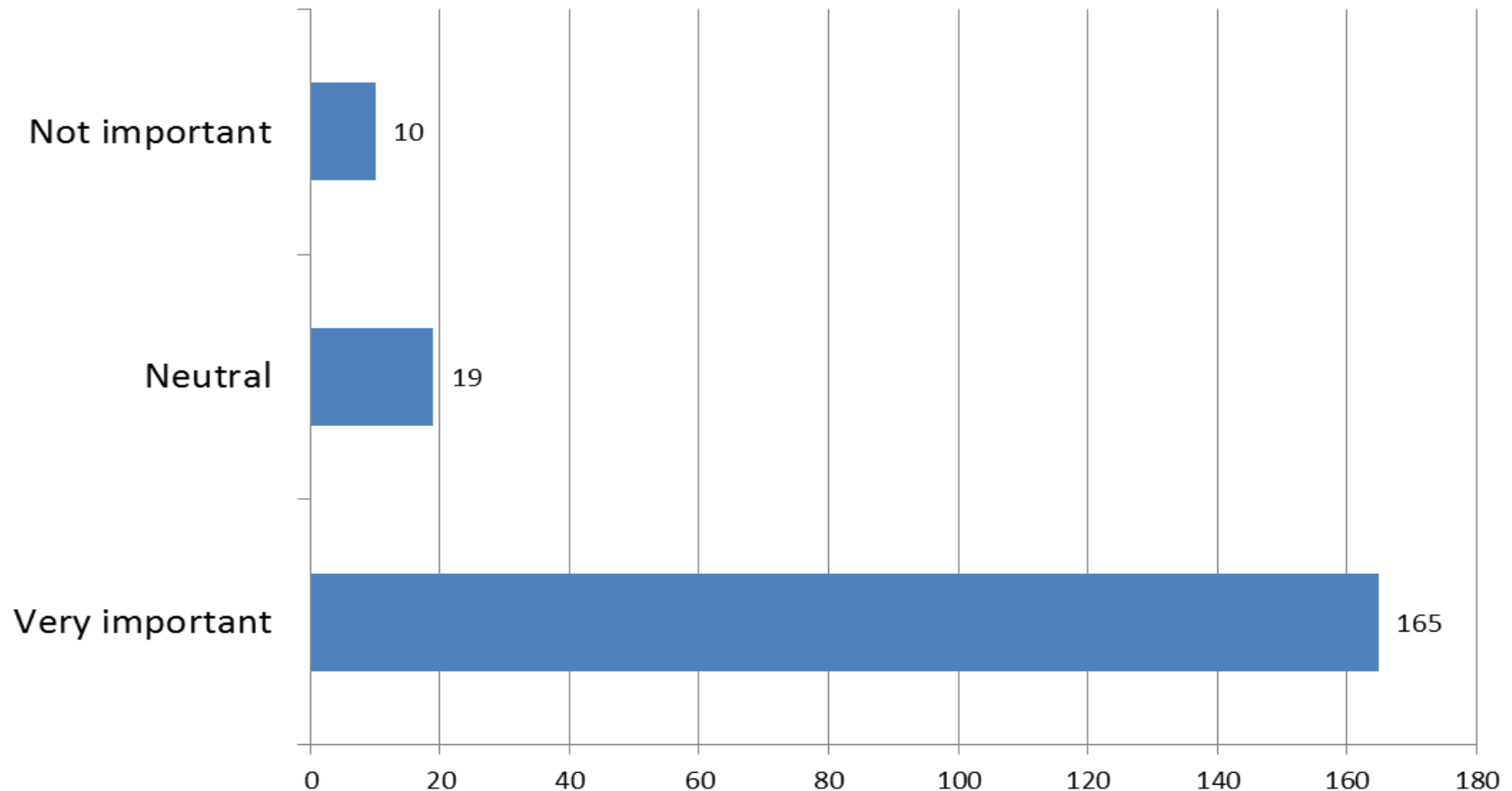
Keith lives in Bretforton and serves as a Parish Councillor for the village, and as District Councillor for Bretforton and Offenham Ward on Wychavon District Councillor. He is a Director of Vale Gardens Ltd – an independent retailer

Appendix

The Village Survey

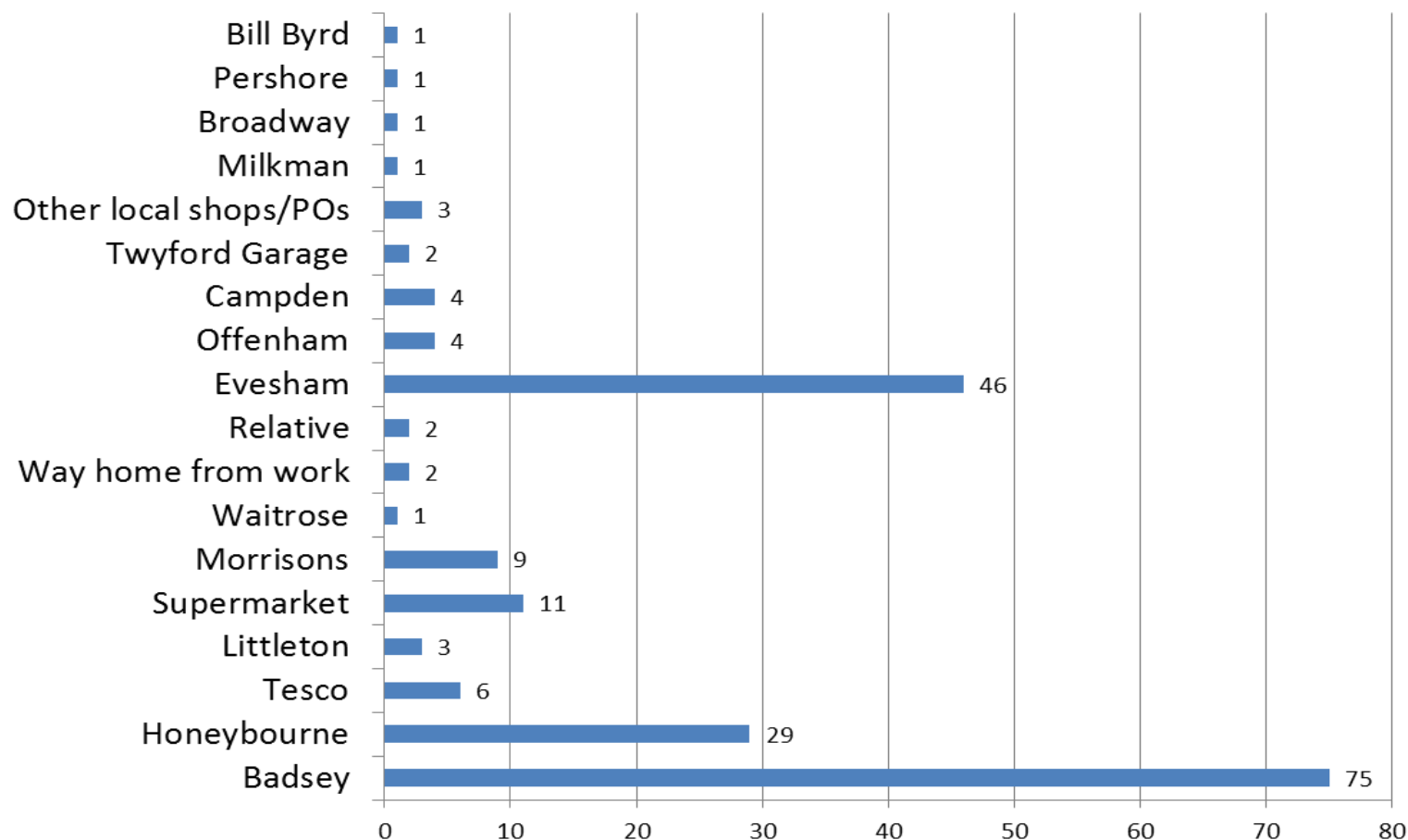
The Village Survey Results

Do you think it is important to have a village shop?



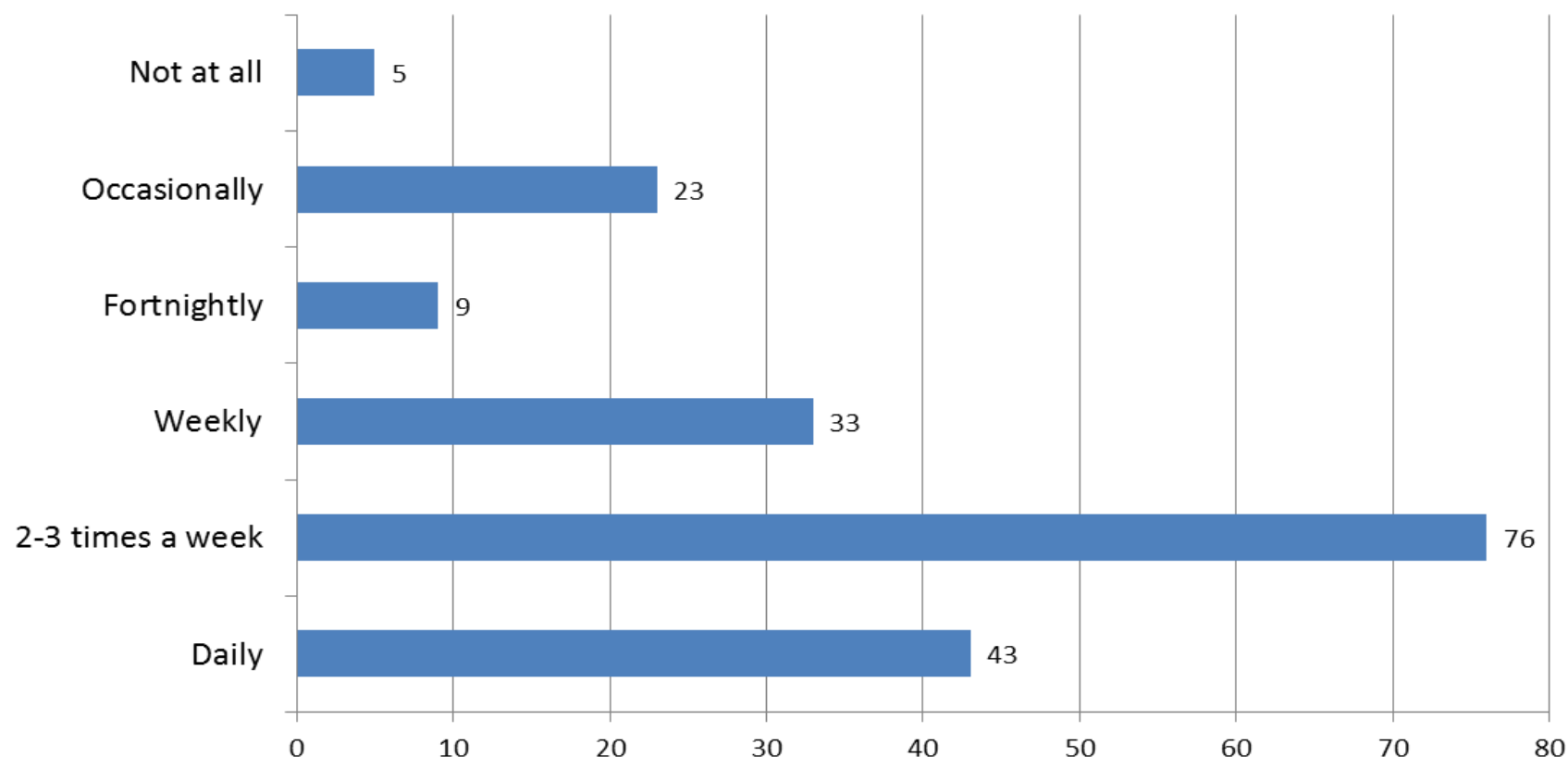
The Village Survey Results

Where do you see yourself going when the shop closes?



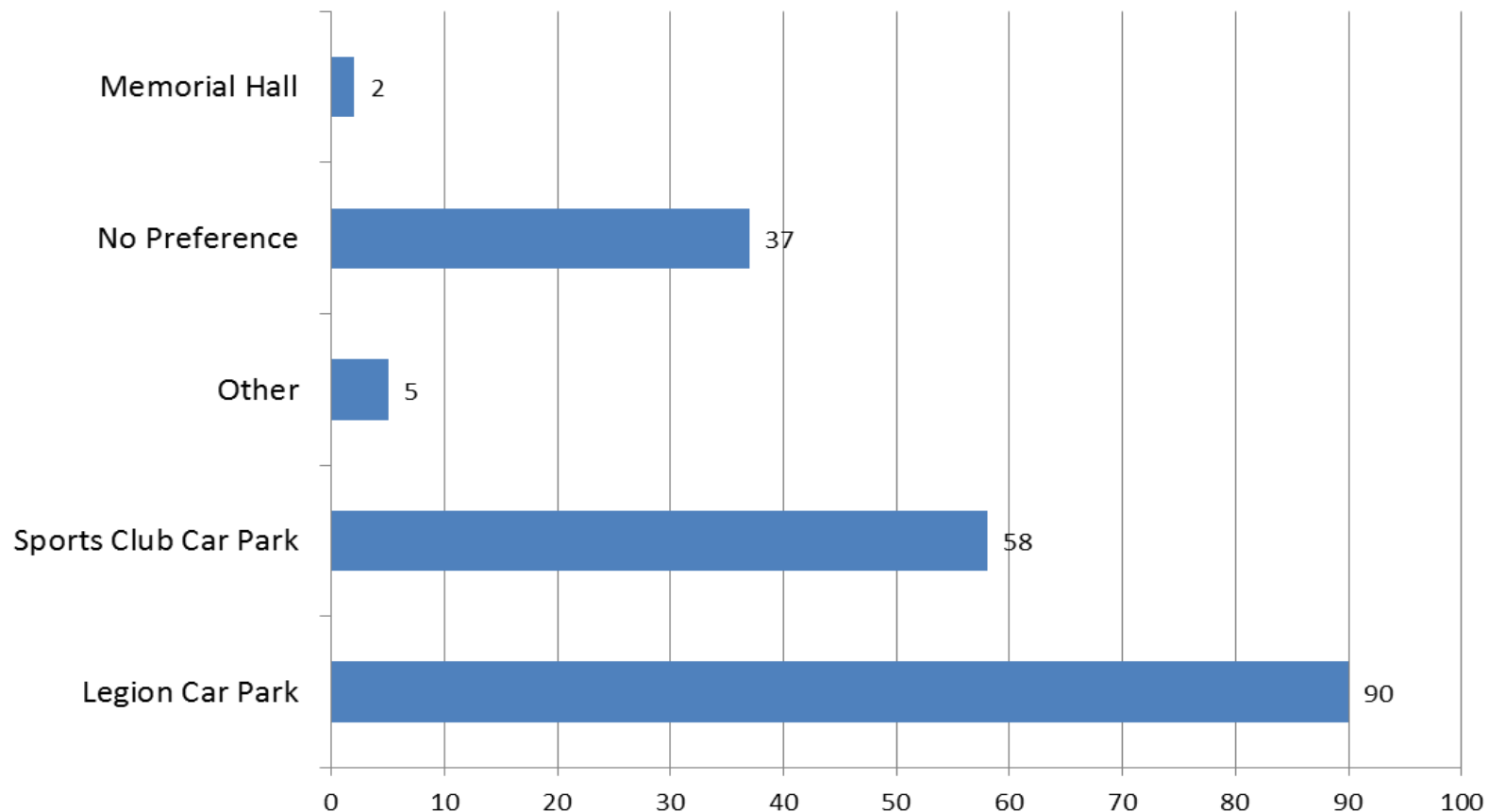
The Village Survey Results

If a new village shop was opened would you or any member of your household use it?



The Village Survey Results

What would be your preferred location?



The Village Survey Results

Could you help a community shop in any of the following ways?

