

BUSINESS PLAN

EXECUTIVE SUMMARY

Rocklands is a thriving Breckland village with a strong community ethos. Key to this is the Post Office Stores which offers both basic services as well as acting as a social hub. With the impending retirement of the present owners an opportunity has arisen to set up a community shop which will continue to serve the village needs and maintain the vibrancy of the community.

THE NEED

- Due to retirement, the village shop faces closure. It currently runs on small profit margins and is being operated as a labour of love by the present owners. A private buyer would have to put in considerable energy and investment to revive and make a successful commercial business, this is unlikely.
- The community feedback indicated that retaining a village Post Office Stores was vital, and preferably with expanded services.
- Given the demographic of the village (a greater than average retired population) and issues of rural isolation, losing the village shop would disadvantage many of the community and remove a valuable service and social outlet.

THE PROPOSAL

A community shop will be opened in Rocklands to properly service the needs of a vibrant but isolated rural Norfolk community. Our aims are as follows:

- Refurbish the shop to achieve an open space, with efficient chillers, uncovering traditional architectural features, and set up a cafe to encourage more social interaction and trade.
- Provide an outlet for local businesses to sell their products and crafts.
- Retain a convenience shop for the local community and improve services to surrounding villages.
- Provide a central meeting point and a source of information for the village.
- Provide voluntary work opportunities for local residents, and give valuable work experience to younger members of the community whose options are currently limited in the village.
- The shop will be a not-for-profit enterprise run for the benefit of the community.

THE EXPECTED OUTCOME

- Rocklands Stores will close for about a week and will be refitted to include, refurbishment and installation of a small cafe area, before reopening as the Rocklands Community Shop Limited.
- We will retain the Post Office and create a joint retail and post office counter.
- At least two part-time jobs will be created locally.
- Retention and improvement of a key service, of particular importance to the rurally isolated.
- The community shop will act as an outlet for local traders.
- The community shop will break even by the end of year one, and we anticipate greater returns on more sales.
- All profits not required to sustain the business will be distributed to Community projects.

BACKGROUND

Rocklands is the collective name for the two villages of Rockland All Saints and Rockland St Peter which lie astride the B1077 between Attleborough and Watton, Norfolk. The population of the parish roll is 701.

Within Rocklands there are two active medieval churches, a well-used village hall, a thriving primary school, a shop and post office, a playing field and pavilion with very popular and successful football and cricket teams, fishing lakes, a builders' merchant, a riding stable, two telephone box libraries and a garden nursery as well as several small businesses. The playing field now has the status of "a field in trust" and has received a grant for development. The public house has been closed since 2010, and another community group has been established to see it re-open.

The largest employer in Rocklands is Ridgeons, a builders' merchant, but many of the residents in employment travel to jobs outside the village, mostly by car, as there is no regular bus service and the only public transport is provided by a Flexibus (running once a week by appointment). The nearest town is Attleborough, approximately five miles away, which has supermarkets, local food and convenience stores.

Rocklands has benefitted from a village shop, and before that a bakery, on the present site for more than 200 years. However, in June 2013 the present owners (Alan and Elaine Johnson) announced their intention to retire after 23 years running The Village Stores and Post Office. Recently, the business has made only a modest profit and fearing succession failure, where a business is no longer attractive to a successor, there were concerns that Rocklands, like many other rural communities, was on the brink of losing its only shop.

At a public meeting in June, there was widespread support for the proposal that the only realistic way of preserving this valuable village asset, would be to operate it as a Community Shop. Following this endorsement, an enthusiastic group of villagers volunteered to form a steering committee, investigated and confirmed the viability of the plan, and have gone on to establish The Rocklands Community Shop Limited.

The proposed community shop will better involve the whole community at committee, volunteer, employee, shareholder and shop-user level in the success of the enterprise. Lastly, the village itself will benefit. Rocklands predates the Domesday book and we believe this project is necessary to maintain it as a viable and vibrant community.

*In Rockland Ringwulf, a freeman, held 1c. of land before 1066.
Always 1 villager; and 8 smallholders. Then 2 slaves, now 1. Meadow, 8 acres: woodland, 8 pigs.
Then 2 ploughs in lordship, later and now 1. Then and later 1
Men's plough, now ½ and there could be 1 plough.
Now 1 head of cattle, 5 pigs; 24 sheep.
Value always 20s.*

One of the many references to Rocklands in the Domesday Book.

BUSINESS OPPORTUNITY

The nearest shop to Rocklands is in Great Ellingham, which is three miles away, or Attleborough, (five miles). Great Ellingham has a small newspaper/convenience shop, while Attleborough has a range of shops and supermarkets including butchers and a baker. The route for pedestrians or cyclists is along a busy B road connecting two substantial towns, with no option for a cycle path or footpath. The shop and Post Office is a lifeline to those villagers without their own transport.

We intend that our community shop will stock locally-sourced produce where possible. Alongside stocking staple goods we also intend to provide an outlet where people can sell products such as crafts, surplus home-grown fruit and vegetables, and other home-produced items. As a way of encouraging villagers to come to the shop we are going to set up a cafe with internet access, a DVD and Book club/swap as the nearest library is in Attleborough (although the mobile library does come monthly), a jigsaw club and run social events such as tea and cake days.

Although not a noted tourist destination, Rocklands does attract visitors and plenty of passing trade from sports clubs and events such as Norfolk Open Studios and Open Gardens, and craft fairs in the village and surrounding areas. The village primary school also brings trade to the shop during school drop off and pick up. A well-placed sign will direct potential customers passing on the B1077 to the shop. We anticipate that the shop which turns a modest profit now, can be transformed into a thriving community enterprise, investing for the long term benefit of the community of Rocklands and surrounding villages.

The Village Survey

A letter and questionnaire was delivered to 271 households within the parish in July 2013. This asked the community eight questions, including rating the importance of the shop. A very strong response was received and of these, 83% rated the shop as very important (a maximum of 5 out of a 1-5 response). The feedback also suggested that there were ways which we could improve and modernise the servicing and provision in the shop. We received many comments such as *"I have no transport, the shop is vital"*. Further questions in the village survey asked when people might use the shop and other services they might like and from this we have evidence for increased opening hours, and preferences for locally sourced food, a cafe and post office. We are continuing the dialogue to keep all in the community abreast of what is going on with their shop and what progress is being made (monthly newsletters). The feedback from the questionnaire was also delivered back to the community.

During the summer we ran an information and tombola stall most weekends outside the present shop, this allowed us to share our progress and take on board the suggestions of the community. We are hosting tea/coffee and cake mornings during the winter. Minutes from the weekly management committee meetings are available at the shop and will be on the website. All meetings are open to the public.

THE MARKETING PLAN

Our marketing strategy is that the shop is run by the community for the benefit of the community. Membership is open to everyone over 16, and with membership comes the chance to vote on all issues to do with the shop, elect a new committee at the AGM and have a voice in how the shop is run.

Our vision is: to invest in the current shop to make a thriving enterprise, and in doing so invest in the long-term future of the community of Rocklands and surrounding villages. Though we plan to have two part-time managers (unless grants allow us to employ more), to keep expenditure we will use volunteer staff. We have been offered generous discounts from local suppliers who offer sale or return on their products. A wholesale foodservice Group also estimate that as a community shop we can anticipate a 40% increase in trade based on their experience with other community shops. As a community shop we can access discounted services only available to community projects. More details can be seen in the prospectus.

We will increase trade through longer opening hours, by modernising and redesigning the layout in order to improve flow around the shop, and providing a meeting point with a coffee shop and internet access.

Before we open

We will regularly keep the community up to date with progress by means of newsletters and fundraisers where we are available for questions. We also welcome comments and suggestions from all. We include news and information on our website (www.rocklandscommunityshop.co.uk). During the launch of our share offer, we will advertise it widely to all media and hold a public meeting on the date of the launch to answer questions.

After we open

We will apply to install prominent signs directing passing trade from the B1077 into the village. We will encourage media coverage in local newspapers and magazines. We will advertise ranges and offers in the shop as well as in the local media. We will email details of offers to those interested and we are considering tweeting the end of the day offers on fresh produce. We intend to hold regular tea/coffee and cake days and promote the cafe and internet service. Finally, we will encourage feedback from the community.

OPERATIONS PLAN

Legal Structure

The Rocklands Community Shop Limited (RSCL) is an Industrial and Provident Society (IPS) registered with the Financial Conduct Authority. An IPS is a not-for-profit society managed by the community for the benefit of the community, not just its members. Enshrined in our rules is the principle that trading surpluses, beyond those required to service the needs of the community shop, will be distributed to community projects, as voted by the membership.

Building and Location

We intend to lease the present shop premises from Alan and Elaine Johnson, and in line with an independent valuation we have obtained a 10 year lease, which is discounted for the first year while we become established.

We will close the shop for as brief a period as possible (ideally a week) while we install energy efficient chillers and freezers, new shelving and a combined retail and post office counter, improve disabled access, open up covered windows, expose traditional features, and put in services for the cafe. The current owners will be undertaking, at their own expense, the work to separate the shop from their domestic residence in addition to updating flooring, making good the ceiling and fire exits.



The business in 1930s



Your shop today



Your new community shop

Staffing

We will employ two part-time paid members of staff (19 hrs / week) to manage the day to day running of the shop, supported by trained volunteers. Due to the strong and positive reaction to the initial request for volunteers, we believe this is a viable option, though potentially demanding of our volunteers. Therefore if we are successful in grant applications we will aim to employ two more staff to fully cover the 70 hours of opening per week, but with less strain on our trained volunteers. This model of operation has proved successful in other community shops the committee has visited.

Staff and volunteers will receive training in using the till system, food safety, health and safety, and age-related sales. Refresher training will be provided, and also to adequately prepare new volunteers. Shop managers will be there to mentor and monitor. The managers will report to the committee and will provide weekly sales and wastage reports. Any urgent issues will be brought to the attention of the committee immediately.

Based on our survey results, we intend to open from 7:30am to 6:30pm Monday to Friday, 7:30am to 5pm Saturday, and 8am to 1pm Sunday.

THE MANAGEMENT COMMITTEE

The management committee composed entirely of passionate, local residents are:

Roger Steel - Chair:

Victoria McArthur - Vice-chair

Peter Rushton - Company Secretary

John Borrill - Treasurer

Joanne Forde - Membership Secretary

Cath Jones - Minutes Secretary

David Howie - Operations Manager

Gina Ayres - Retail Advisor

Richard Harrison - IT / Graphics / Publications Advisor

RISKS AND COUNTER MEASURES

Risk	Countermeasure
Insufficient demand for shop	Ensure the range is what the customers need and want (regularly consult community on this), use volunteers to keep costs down, ensure pricing is competitive and advertise the shop widely.
Loss of volunteers or lack of volunteers	Good training, good feeling amongst volunteers, always be open for fresh volunteers.
Loss of funds through dishonesty	Efficient accounting, spot checks.
Litigation / prosecution	Risk assessments are conducted, thorough staff and volunteer training, legal compliance and insurances.
Increase in competition	Customers that are members ensures loyalty.
Public theft of stock	Work with police, warning signs, 24h CCTV, adequate insurance.

THE FINANCIAL PLAN

Estimated start-up costs

Rent of property	£9,500 (discounted during first year)
Electronic Till and POS system	£3,500
Refurbishment	£20,000
Initial Stock	£12,000
Admin/Printing/Licence/Membership Costs	£3,000
Cash requirement	£500
TOTAL	£48,500

Funding Detail

Funds will be raised through the following sources:

- Donations and fund raising promotions
- Community Share Issue. All residents and others who support the project will be invited to become members by purchasing shares in the society.
- We will apply or have applied for funds from Big Lottery, The Tudor Trust, The Co-operative Bank Plc, The Prince's Countryside Trust, The Esmee Fairbairn Bursary Via the Plunkett Foundation and Norfolk Community Foundation.

TRADING PROFIT and LOSS: expected margin 17%, worse case scenario

Income	<u>year 1</u>	<u>year 2</u>	<u>year 3</u>	<u>year 4</u>	<u>year 5</u>
Total sales	136,356	139,765	143,259	146,840	150,512
Cost of sales	112,664	115,480	118,367	121,326	124,360
Gross profit on sales	23,692	24,285	24,892	25,514	26,152
Gross margin	17.4%	17.4%	17.4%	17.4%	17.4%
Commission on services	200	205	210	215	221
PO remuneration	7736	7929	8128	8331	8539
Total income	31,628	32,419	33,230	34,060	34,912
Expenditure					
Salaries	13,865	14,211	14,567	14,931	15,305
Rent	9,500	9,738	9,981	10,230	10,486
Business rates	0	0	0	0	0
Insurances	450	461	473	485	497
Utilities	3,550	3,639	3,730	3,823	3,918
Repairs, renewals & maint.	1200	1230	1261	1293	1325
Advertising / promotions	500	513	525	538	552
Bank charges	0	0	0	0	0
Cleaning	100	103	105	108	110
Losses	520	533	546	560	574
Traveling expenses	250	256	263	269	276
Stationery	300	308	315	323	331
Retail shrinkage	250	256	263	269	276
Misc	300	308	315	323	331
Depreciation	70	72	74	75	77
Licences	70	72	74	75	77
Waste services	604	619	634	650	667
Total operating expenses	31,529	32,319	33,126	33,952	34,802
	<u>year 1</u>	<u>year 2</u>	<u>year 3</u>	<u>year 4</u>	<u>year 5</u>
Surplus	99	100	104	108	110

TRADING PROFIT and LOSS: expected margin 22%, average

Income	<u>year 1</u>	<u>year 2</u>	<u>year 3</u>	<u>year 4</u>	<u>year 5</u>
Total sales	156,040	159,941	163,939	168,076	172,239
Cost of sales	122,000	125,049	128,175	131,418	134,665
Gross profit on sales	34,040	34,892	35,764	36,658	37,574
Gross margin	22.0%	22.0%	22.0%	22.0%	22.0%
Commission on services	200	205	210	215	221
PO remuneration	7736	7929	8128	8331	8539
Total income	41,976	43,026	44,102	45,204	46,334
Expenditure					
Salaries	13,865	14,211	14,567	14,931	15,305
Rent	9,500	9,738	9,981	10,230	10,486
Business rates	0	0	0	0	0
Insurances	450	461	473	485	497
Utilities	3,550	3,639	3,730	3,823	3,918
Repairs, renewals & maint	1200	1230	1261	1293	1325
Advertising / promotions	500	513	525	538	552
Bank charges	0	0	0	0	904
Cleaning	100	103	105	108	110
Losses	520	533	546	560	574
Traveling expenses	250	256	263	269	276
Stationery	300	308	315	323	331
Retail shrinkage	250	256	263	269	276
Misc	300	308	315	323	331
Depreciation	70	72	74	75	77
Licences	70	72	74	75	77
Waste services	604	619	634	650	667
Total operating expenses	31,529	32,319	33,126	33,952	34,802
	<u>year 1</u>	<u>year 2</u>	<u>year 3</u>	<u>year 4</u>	<u>year 5</u>
Surplus	10,447	10,707	10,976	11,252	11,532

Assumptions

- VAT is calculated at 20%. All figures in trading profit and loss are shown net of VAT.
- VAT is included in cash flow projections where appropriate.
- Inflation is assumed to be 2.5% per annum.
- Sales growth is assumed to be 1.9% over inflation in year two, but limited to assumed inflation in subsequent years.
- In our worst case scenario, based on a profit and loss model with an average gross profit margin of 17%, we will make only a modest profit.
- A trading profit and loss model with an expected average gross profit margin of 22% shows healthy profits on a monthly basis. The object of trade is not to make large profits, but rather to plough profits back into the business by way of investment in the services offered to the community.
- Rent is included at a notional £9,500 per annum as stipulated in the lease agreement with the owners, but will be discounted in the first year.
- We do not propose to offer discounts on sales to staff or to members.
- We understand that no business rates will be payable.
- We have made use of the experiences of existing, successful shop businesses to produce these figures. We have also taken advice from Plunkett Foundation.

Equal Opportunities Policy

This policy sets out the commitment of The Rocklands Community Shop Limited to a policy promoting equality in employment opportunity, community involvement and service provision. The policy applies specifically to equality of opportunity and the promotion of good community relations irrespective of age, ethnicity, gender, religion, sexual orientation or disability. This policy is intended to address equality issues in their widest context and with specific reference to the Equality Act 2010, which seeks to address unlawful discrimination against a person or group of people because of their age, ethnicity, gender, religion, sexual orientation or disability.

Who this policy applies to:

This policy will apply to everyone who receives a service or is contracted to deliver a service for the RCSL either as a contractor, supplier, Committee member or as a member of staff. Its purpose is to ensure that all are treated with dignity and respect.

Principles

The principles that guide this policy are:

- The promotion of a culture of equality of opportunity and diversity within RCSL and our community.
- All staff will have a duty to comply with and support the policy and to report instances of discrimination to the shop manager at the earliest opportunity.
- Promoting an environment that is free from discrimination, bullying and harassment.
- Taking strong action against direct and indirect discrimination, harassment and victimisation.
- Taking into account equality and diversity when designing and delivering services, adopting policies and in our employment practices.
- Monitoring the composition of our staff, volunteers, residents and committee and in so doing we will be mindful of their composition and aim for these to be reasonably balanced.

- Ensuring that the needs of disabled people are recognised in the provision of services particularly in making areas accessible and free from barriers wherever possible.
- Making reasonable adjustments in relation to the employment of people with disability.
- Providing appropriate training and adequate resources to support these principles.
- Ensuring that legal and regulatory equality and diversity requirements are met.

This policy is effective immediately and will be reviewed annually and amended as necessary to reflect the changes in legislation codes of practice or special issues of local concern.

The management committee has overall responsibility for the management and revision of this policy. The shop managers will be responsible for the day-to-day application and to report any breaches to the management committee.