

Seeking information for the business plan



In order to build on the plan, here is some further information on what will be required:

- If not a full asset transfer there needs to be a clear statement that describes and sets out the relationship between the site owner and the operator
- What the pool/body plans to do and why people want your service
- To make credible and achievable projections; it's better to exceed low targets than fail to hit over ambitious ones
- Describe how large the market is
- Who the organisation is and who are the team, including non-executive directors
- To describe their track record
- How much money is needed and why
- Financial forecasts for 3 years ahead: projected cash flows, profit and loss accounts and balance sheets
- What the big steps are you have to take? Also, include where you are, where you plan to be and the main milestones on the way

Products and Services

Within the Plan, when you are talking about products and services, you need to:

- Describe what the pool will be responsible for in terms of products and/or services or bundles consisting of proportions of both, known as offerings
- Describe these offerings and their uniqueness in the plan
- Explain the benefits and how they satisfy your customers wants and needs, e.g. various health issues and how programmes can be tailored to these needs
- Explain what offerings are in demand and how the market is moving (e.g. the examples created by the Everyday Swim programme <http://www.everydayswim.org/>, one-to-one high margin, adult fitness etc.). Describe your best selling offering
- Explain what point you are at and whether you will be expanding your product lines or extending your product range

Core Competencies and Critical Success Factors

- Describe your body's core competencies -core competencies are those competencies which will critically underpin any competitive advantage
- Describe your critical success factors. These are the areas of your strategy where the organisation must excel to outperform competition
- You can then describe the fit between the pool's market opportunity and your resources, skills and competencies

Market Trends





Examine the underlying trends that affect your industry. They can be any one of many options, e.g.

- A move to internet trading
- Pool search and booking by I-phone through Splashpath, use of Twitter or Facebook
- People's desire to 'get fit and live longer'
- Work from home
- A new baby boomer generation in an area

Customers

- Consider Sport England's market segmentation and identify your target market (See *Evidence and Needs Analysis*)
- How you have determined the pool's market
- How many potential customers are in the pool's target market
- How you segment and target key potential groups of customers in your own segmentation
- What products/services the pool's customers buy, when and how do they buy them
- How you will make it easy for your customers to do business with you
- Track the findings in Active Places Power (See *Evidence and Needs Analysis*) and determine who the swimming customers are within set periods of travel distance

Customer retention programme

- Explain how your organisation plans to retain customers
- What customer incentive programmes are in place or that your organisation would like to put in place

Market Research

- Market research takes two forms- primary, which is 'off the peg' and secondary, which is more expensive and generally commissioned
- You need to demonstrate you have researched your market

You will need to explain-

- If and why your potential customers prefer other pools at this point in time
- How much your competitors charge
- What the key factors are that your prospective customer considers when evaluating both the pool and your competitor's products
- What your customers like- in terms of factors such as service levels and price points

Competitive Analysis

- Segment your competitors- by identifying them and then identifying the markets they serve, their products and their business operations
- Bring in your critical success factors and core competencies mentioned earlier to underline how the pool is better or could be better than that of your competitors



- Describe where you see the weaknesses of your competitors
- Explain the size of your competitors in terms of attendance figures, throughput and profits
- Compare and weigh your competitor's products

Marketing Strategy

In describing in the business plan your marketing strategies, here are some core strategies you might like to include:

- Market leader strategies- as a new player, you are unlikely to use this strategy
- Market challenger strategies- here, you might be challenging other pools in your area through a frontal, flank, bypass or guerrilla attack
- Market follower strategies- imitator or adapter
- Market-niche strategy- such as a geographic specialist, customer specialist or customer-size specialist

Pricing strategies

The marketing section should also include your pricing strategies. Depending on the segment you are working with, examples include

- Skimming
- Penetration
- Geographical pricing
- Promotional pricing
- Discriminatory pricing- a pool sells a product at two or more prices that do not reflect a proportional difference in costs
- Cost-plus pricing
- Competitive pricing
- Low-price strategy
- Premium pricing

Management and personnel

You will also need to

- State staff HR, equal opportunities and equity policies
- Show how you will invest in your staff to achieve success and build team work to create value and shared success
- Include an organisational design/organogram
- Explain the backgrounds, experience and responsibilities of your management team and why they will make your organisation a success
- Identify managerial skills that are lacking and how you will overcome these problems



- State recruitment and training policies
- Address any TUPE issues arising
- Outline how many people are currently employed in the business and what your future plans are for employee numbers

Financial Information

This needs to inform on the following:

- Whether the pool is profitable? If not, when will it become profitable?
- What your break even point is
- How fast the pool's sales and profits will grow in the next three years
- Some idea of how much the pool as a business is worth
- There are many ways of valuing a business but the financial data will help support the valuations

You should also address these other financial considerations

- Profitability- is the organisation making enough profit to service the funds employed and compensate for the risks taken?
- Solvency- can the pool survive and pay its way?
- Financial strength- will it need more funds for expansion, or finance new investment from retained profit?

Balance Sheet

- The balance sheet should show what the organisation owns or will own and what its debts are (assets and liabilities).
- Assets are normally listed in increasing order of liquidity- buildings etc. at the top, then inventories and cash at the bottom
- Liabilities are shown from top to bottom based on the immediacy of payment- debts that won't be paid for years come last

Profit and loss statement

- In order to know how much money the organisation will make during the year, you will need to raise a profit and loss statement
- Your balance sheet tells you how much money you have; a profit and loss account tells you how much money you have made
- Start by showing your sales revenue (gross income) at the top; then your costs and expenses in the middle; and the difference or net income, at the bottom



You finish with a formula as follows:

- Sales revenue-expenses=Net income (or profit)
- The profit and loss feeds into your balance sheet
- If the company is making money, the net income made would show under the owner's equity and assets at the bottom of the balance sheet
- The profit and loss statement shows the sales, expenses and net profit during a set period of time known as the accounting period
- You should include projected income statements to show how you think the organisation will perform in the future
- In making projections, you will need to consider recent financial performances as well as making assumptions on the future
- A sensitivity analysis can be carried out on the basis of 'what if' scenarios
- Your projections will normally be made for a three year period
- Estimating the income and expenses is difficult as well as important. Try and support the numbers with information in your assumptions
- One way of supporting your projections is to obtain from the Charity Commission web site the annual statements from trusts and bodies in the same field, e.g. look for their income, rate of sale and profits
- *A further way of verifying your projections is to consider the formula:*
- $\text{Income(sales)} = \text{Total market size} \times \text{anticipated market growth rate} \times \text{anticipated share from the pool}$

Cash flow statement

As we all know, cash is 'king'- without it, you can't procure equipment and service the business

- A pool business can have assets on the balance sheet, be showing a profit on its trading operations through its profit and loss accounts and still not have enough cash to continue
- Why? The reason is because of the difference between cash based and accrual based accounting. With cash you can see it as it happens, with accrual based, you may be giving credit to pool suppliers and be recording the income before you ever receive the money
- The cash flow statement is a summary of activity at the pool over time
- Entries should be made when you anticipate receiving the cash
- At the top, list where your cash is coming from
- You show where the cash is coming from and what it is being used for
- This cash should include sales, interest, finance from banks, grants and others
- The next part is an itemised list of cash to be spent to include cost of goods sold, salaries, rent, phone equipment, advertising etc.
- The difference between the cash coming in and cash going out is your cash flow

Financial ratios



- These are optional to the plan and can be used to compare the pool with others in the pool industry
- They are a way of normalising numbers
- There are 2 main classes of ratios- profitability and liquidity. Other ratios such as price-earnings are associated with public companies

Seeking information for the plan

The following publications could be useful in writing the business plan:

Managing Health and Safety in Swimming Pools, the Health and Safety Executive

Click here to find out more details <http://www.hse.gov.uk/PUBNS/books/hsg179.htm>

From Policy to Pool, the Amateur Swimming Association strategic policy document on pools

Find out more at <http://www.swimming.org/library/document/from-policy-to-pool-an-asa-policy-document-on-swimming-pools-in-england>

Sport England Design Note on Swimming Pools

Find out more at

http://www.sportengland.org/facilities_planning/design_guidance_notes.aspx?sortBy=alpha&pageNum=3

Sport England swimming pools checklist

Find out more at

http://www.sportengland.org/facilities_planning/design_guidance_notes.aspx?sortBy=alpha&pageNum=3

Sport England Design Guidance on Environmental Sustainability

Find out more at

http://www.sportengland.org/facilities_planning/design_guidance_notes.aspx?sortBy=alpha&pageNum=2

All types of prices for pools can be obtained from the Chartered Institute of Public Finance

Find out more at <http://www.cipfa.org.uk/>