

Llangors Community Shop Ltd

Business Plan



Version 6

May 2021

Contents

Page 3	Executive Summary
Page 4	Mission, Aims and Objectives
Page 5	Background to the Proposal
Page 6	The Need for a Shop in Llangors
Page 7	The Market
Page 8	The Market Analysis
Page 9	The Marketing Strategy
Page 10	The Communication Pan
Page 11	The Products and Services
Page 12	The Operating Plan
Page 15	The Organisation
Page 15	The Legal Structure
Page 16	Revenue Forecasting
Page 19	List of Appendices

This business plan has been produced by the Llangors Community Shop Management Committee. It is based on the information and knowledge available to the committee at the time of publication. All calculations and predictions are, in the opinion of the Management Committee, reasonable estimates of the business potential. The Management Committee will be responsible for keeping the Business Plan up to date on a regular basis.

Executive Summary

In early 2019, following a survey of the community in which widespread support was revealed, the decision was taken to proceed with a community shop project. The last of several village shops was located in the middle of Llangors village but closed in June 2005.

The potential market has been carefully studied, which amongst much else has involved carrying out a SWOT analysis and risk assessments. The marketing strategy is focused on comprehensive measures to keep the community informed about the shop and what it will offer. This includes a communication plan.

The market mainly consists of elderly residents, young families, school parents from within and outside the Llangors Lake community, residents who commute to work, staff from local businesses and visitors to the area. The shop will attract a broad range of people who will benefit through convenience, meeting others and becoming more involved in community life.

The shop will sell food and household items, including much fresh and local produce. There will be small café in part of the premises and certain extra services will be provided, such as an advertisement board, free Wi-Fi and a copier.

The shop will be sited immediately next to the Llangors Youth and Community Centre and will be open most days of the week. The premises will be built using a pair of donated 'portacabins' and a shop manager will be employed full time. Other staff will all be trained volunteers. The environment will be safe and accessible and already forms a hub of village activity.

There are 12 members of the Management Committee, all drawn from the community around Llangors Lake. The shop has been registered as a Community Benefit Society, which best fits the intentions behind the project. It allows for widespread membership and share ownership within the community. Minimum age to be a member is 16 and the cost of a share is £10, with an upper ownership limit of 300 shares. An asset lock is included in the rules of the Society.

Extensive revenue forecasting has been undertaken basing the figures on other community-run shops with similar characteristics. This practice, together with conservative assumptions, give confidence that the figures in the plan are robust and the shop will achieve a profit or breakeven no later than year three and possibly sooner.

Mission

Meeting community needs through a volunteer supported store in Llangors.

Aims

1. To run a not-for-profit enterprise owned by the community, operated by the community, for the benefit of the community.
2. To co-operate with other bodies, businesses and projects in the community to mutually enhance an easily accessible hub for activities and services in Llangors and for the whole community.
3. To provide training and voluntary work for the community.
4. To create an environment to enable social interaction, community cohesion and promote health and well-being.
5. To source products and services locally wherever practical and be mindful of environmental issues.

Objectives

1. To generate sufficient turnover to sustain the business by Year 3.
2. To reduce the average 'food mile' round trip from 12 miles to 4 miles.
3. To maintain a bank of 60 volunteers willing to staff the shop.
4. To promote other bodies, businesses and projects through advertising, holding events and by maintaining a local map of businesses.
5. To identify 3 individuals to develop an appropriate support and mentoring programme for volunteers.
6. To run 2 community networking events each year to promote volunteering opportunities.
7. To recruit at least new 6 volunteers each year.
8. To provide comprehensive induction and continuation training to each volunteer
9. To organise opening hours which will suit the needs of the community.
10. To open a Café to provide a hub for social interaction.
11. To provide a workstation and free Wi-Fi.
12. To identify quality suppliers within a 30-mile radius.
13. To provide a range of services and produce including fresh and frozen foods and convenience products.
14. To reduce the amount of plastics used in the shop.

Background to the Proposal

The village of Llangors is part of a rural community in the unitary authority of Powys about 6 miles from Brecon and 15 miles from Abergavenny. The village has a beautiful 15th century church, a primary school (recently rebuilt) and a Youth and Community Centre. The village location has close access to Llangors Lake, the largest natural lake in south Wales. The lake is a protected wildlife site but is also home to many water sports with boats for hire. It has an ancient Crannog, built in the Dark Ages with a reconstructed contemporary house open to visitors on the shore nearby. There are public toilets and a dog wash located at the lake.

The area hosts many tourists who come to visit the Brecon Beacons National Park and the Black Mountains. There are two caravan sites situated close to the lake and they are both open between April and October. The Llangors Sailing Club is also situated nearby boasting a new club house. In the immediate area there are two Horse Riding Centres and a Climbing Centre which is open all year round, offering bunk house and camping facilities. There are three public houses, several bed and breakfast establishments and many holiday cottages offering accommodation for visitors. Acorn Adventure UK has two residential activity centres in the village and between March and October these centres are regularly used by schools and families. There is also a long established Care Home located in the centre of the village and traditional family farming and agriculture is predominant in the area.

A quarterly newsletter, 'The Grapevine' contains both local news and information about social events and is distributed to all households in Llangors, Pennorth, Llanywern, Llanfihangel Talyllyn, Talyllyn, Llangasty Talyllyn and the neighbouring village of Bwlch by a team of volunteers. During the year various community-based events are held, including village fetes, school events and activities in the Churches, Chapel, Community Centres and Village Halls around the Lake.

The last of several village shops was located in the centre of Llangors but closed in June 2005 and although the idea of a setting up a community shop had been discussed, it was not until July 2018 that several informal meetings took place to begin this process. A Steering Group was established and in December 2018, a questionnaire was drawn up and distributed by volunteers to all the households of the communities around the lake.

The results of the questionnaire (see appendix 2) were very encouraging with 159 responses (20% response rate). 156 of these responses were favourable and 48 would like to be involved in some way. Nearly all respondents (148) said that having a shop would be important or very important to them. In March and April 2019 a series of public meetings were held to publicise the project, to ask for volunteers and to refine

the results of the earlier survey. These meetings also drew a favourable response and volunteer numbers rose to 57.

Having carried out extensive research and analysis the Steering Committee formally launched the Llangors Community Shop project in June 2019. The Steering Committee became the Management Committee when the Community Benefit Society was registered in January 2020

The Need for a Shop in Llangors

In 2012, The Plunkett Foundation published a report on addressing rural isolation that states:

“Community shops...offer a vital source of retail provision within rural communities, regardless of their distance to neighbouring towns and villages; particularly so for the elderly and less mobile, and for all in times of bad weather...”

“Community shops address social isolation by stimulating community and social activity. Regardless of the products and services sold in these shops, for example, they act as a community hub; they involve large numbers of people and rely on the interaction between those people...”

The Management Committee believe that a community led shop in Llangors will stand four-square with current shopping patterns and the findings of the Plunkett Foundation report.

Two villages, Talgarth and Bwlch, each about 4 miles from Llangors have small shops, which a number of villagers currently use for top-up shopping. The nearest post office is in Talgarth however a mobile post office visits Llangors in the Youth and Community Centre on Monday and Thursday mornings. There is no plan to change this arrangement once the shop opens.

Local residents have to travel by car or taxi to reach the nearest supermarkets. There are no regular bus services through or near the village. Most village households own at least one private motor vehicle, but there are a small percentage of residents without access to a car, many of whom are elderly and younger members of the community. There are delivery services from the larger supermarkets, but although some residents do their grocery shopping online, the majority still prefer to visit the local shops and supermarkets in person. The Welsh Index of Multiple Deprivation 2019 places Llangors among the 10% most deprived local areas for Access to Services.'

In the community there are many elderly people living in the area and there is some poverty. In 2012, the last year for which figures are available, 25% were over 65: 24% were self-employed and 20% had a limiting long term illness. 28% are economically inactive either because they are retired, sick or unemployed. 10% are pensioners living alone. Another 4% are single parents. 4% of households have no car. 6% are full time students. For young people there is a community school, a variety of clubs and plans for a new play park.

The Management Committee believes that a community shop would serve to alleviate some of the above circumstances and would benefit Llangors and the neighbouring villages in a number of ways:

- The shop will provide a community focus, open from early morning until early evening on most days per week giving a sense of place and purpose.
- A broad range of people will benefit through meeting others and becoming more involved in community life enhancing general health and well-being.
- Retail goods and services will be provided from a village location within walking distance for most Llangors residents and a shorter travelling distance for the wider community assisting with reducing residents' carbon footprint.
- The shop will develop links with local schools and community groups such as the Scouting Movement, Duke of Edinburgh Scheme by offering skills training and volunteering opportunities
- The shop will support local business and the local economy by providing an outlet for local products e.g. meat and dairy, preserves, surplus home-grown produce, hand-made cakes and locally made ready meals.
- The shop will offer training and voluntary work opportunities for all ages and abilities including supporting curriculum based activities for local primary and secondary school pupils.

The Market

The market for the shop falls broadly into:

- Retired residents who may have limited opportunity for travel outside the community. Approximately a quarter of the population is over 60 and the Government is keen to encourage the elderly to be cared for in their own homes.

- Families with young and school age children who may be confined to the local area during the working day.
- Parents and their children who attend the Llangors Primary School but who do not live locally. The school is next door to the shop's site.
- Residents who work away from the community during the day, but who may have limited opportunity to buy essential items during that time.
- Visitors to and staff to all businesses in the area and an increasing number of home workers and the self-employed.
- Visitors to the village, such as school parents, walkers, cyclists and other tourists visiting the village, the lake and surrounding mountains.
- Residents of surrounding villages that do not have local shop facilities, in particular Llangors, Pennorth, Llanywern, Llanfihangel Talyllyn, Talyllyn, Llangasty Talyllyn.
- Motorists passing through the village including delivery people, postmen/postwomen and refuse collectors.

The Market Analysis

To establish the need for a shop within the community and to identify the obstacles that need to be addressed in order to start and maintain a community shop, the following have been undertaken:

- Residents Questionnaire (see appendix 2)
- Three well attended Public Meetings in Llangasty Talyllyn, Llangors and Llanfihangel Talyllyn.
- Visits to 14 Community Shop businesses within a 50mile radius with a similar demographic and potential business model (see appendix 3)
- An analysis of potential local competitors (appendix 4)
- An analysis of targets, outcomes, outputs and impacts (appendix 5)
- A SWOT analysis focusing on pre and post start up factors (appendix 6)
- Risk assessments focusing on pre and start-up predictions (appendix 7 and 7a)
- An analysis of potential shop locations (appendix 8)

The Marketing Strategy

News concerning the community shop proposal has been communicated by articles in local newspapers, the Grapevine newsletter and social media as well as word of mouth

Three public meetings have been held in village halls around the lake. There are also plans to organise a number of drop-in events where volunteers can come and talk on an informal 1-1 basis

As the target opening date gets closer, leaflets and posters will be produced to publicise the opening date of the shop, and advertise the range of goods that will be stocked, opening hours and launch event details. Leaflets will be delivered to all households in the areas around the lake as well as local businesses, and posters will be displayed wherever possible.

On the opening day a launch event will be held. Local press will be invited, in order to gain maximum publicity.

Once the community shop is open, the marketing objectives become the promotion of the shop and its services. This will be achieved by supplying the right products and creatively displaying them on good quality fixtures. The costings are based on repeat customers and therefore it is important to encourage a positive experience. This includes the environment, but most importantly it is the way staff and volunteers deal with them. Customer service will be of the highest importance. Our customers must feel confident that whatever they buy from us will be of the quality expected. Feedback forms will be provided in the shop to encourage customers to express what they think, what products we should offer and what can be done better. If the village shop provides a positive experience for all customers and volunteers, then this will encourage word-of-mouth publicity.

The marketing planned for the shop includes:

- Developing a brand identity for the shop which will be used on all promotional material and communications. A local competition has been held to submit designs for the logo/brand for the shop.



- A website has been set up and this will be developed to include details of opening hours, contact details, products and promotions. The website will also give customers the opportunity to provide feedback on what they want to see in the shop.
- The English and Welsh languages will be used on all signage and formal documents where practical.
- Ad hoc marketing activities will include advertising special promotions and seasonal goods on posters placed in the entrance area and newsletters distributed door-to-door; selling branded paper bags; providing Recipe of the Week leaflets with the corresponding ingredients prominently available in the shop. Regular “tasting” sessions for produce such as wine, cheese and deli meats will also be organised.
- Prominent signage will be sited at the shop and on the main road leading to the shop
- Support for other local activities and groups such as donation of raffle prizes in return for publicity in a programme.
- Co-operation will be encouraged with other organisations and shops in the local area including local charities.

The Communication Plan

Shop Publicity Programme											
Events/Channel	B&R (Weekly)	March Grapevine	June Grapevine	September Grapevine	South Powys Focus (Monthly)	Facebook	Twitter	Website	leaflets	Noticeboards	Word of Mouth
Advertising for Shop Manager	X	X			X	X	X	X	X	X	X
Appointment of Shop Manager	X		X		X	X	X	X			X
Share Issue	X	X	X		X	X	X	X	X	X	X
Stock Preference Survey			X			X	X	X		X	X
Arrival of Portacabins	X		X			X	X	X		X	X
Fitting Out Progress						X	X	X			X
Functional Opening	X	X	X			X	X	X		X	X
Possible Extension of Share Issue	X					X	X	X	X	X	X
Formal Opening	X			X	X	X	X	X	X	X	X

The Products and Services

The shop's offer will primarily be designed to meet the needs of convenience shopping and local produce shopping. This will be tailored to the needs of the community and surrounding villages. Please refer to the Survey (appendix 2).

The range will include:

- Staple products
- Local produce such as seasonal fresh fruit, vegetables and local farm produce
- Bread, milk etc.
- Wines and beers
- Newspapers, magazines, cards and stationery
- Household essentials
- Frozen food
- Confectionary
- Over the counter medicines
- Impulse items, e.g boxed chocolates, gifts etc
- Niche items, e.g. local cheeses, local wines and possibly local crafts
- Cycling and walking supplies
- Baby products
- Limited café facilities
- Cigarettes

The following ancillary services will be provided (subject to agreement):

- Parcel collection and delivery point for local residents who are away during the day
- Advertisement Board
- Tickets for local events

The Operating Plan

“Location, and not price or range, is the number one factor for most British shoppers when it comes to choosing which store to frequent. Indeed, shoppers are twice as likely to opt for a store which is ‘the easiest to get to’ than be swayed by the prices.”

(Mintel)

While half of those questioned by Mintel said that they picked the closest store for their shopping, just 26 per cent said they looked to purchase their groceries from a store which is cheapest to shop at, while 22 per cent said they opted for a store which offers the best range of produce.

“Although price is of some importance, location is crucial in the battle to win shoppers’ trade. The highest emphasis is placed on the store being close to home,” said Neil Mason, senior retail analyst at Mintel.

The community shop will be situated on the site of the old playground, now de-commissioned, which is immediately adjacent to the Youth and Community Centre where there are generous parking spaces. The Youth and Community Centre also offers a twice-weekly post office service which is provided in the Community Centre itself. It will be a safer environment than a road side location, especially for the elderly and the very young.

Two donated pre used ‘portacabins’ will be positioned on the site next to one another, with a new interlinking section and fitted out as a shop with a small area set aside for



a simple café facility. A toilet and secure storage room/office will also be provided.. There will be space outside the shop for a small seating area in the summer which will be equipped with chairs, tables, table umbrellas and discreet waste bins.

The shop will be open most days of the week.

A shop manager will be employed. This person or persons (as job sharing will be possible) will provide a central point of contact, continuity, increasing expertise, training, advice and assistance to volunteer shop staff. They will also be in charge of day to day stock control, ordering and display. Depending on experience with this arrangement there may also be an intern or school leaver employed as an assistant to the manager on a temporary basis from time to time. Advertising of all employment opportunities should meet our aspirations to provide local employment within the community.

The rest of the shop staff will be drawn from our volunteers. On joining the roster, each volunteer will receive induction training on the shops ethos, working methods, product lines, health and safety, food hygiene and technology. This will be supplemented with regular refresher training on the introduction of major new product lines, new technology or other circumstance as found appropriate at the time.

The Management Committee is committed to ensuring equality in all aspects of the shop's operation and will promote equality in recruitment to achieve a diverse and committed workforce. From their training, volunteers will have an understanding and awareness of the need for equality in all aspects of their work including social inclusion, disability, Welsh language, dementia, mental health and child protection. Roster patterns will provide family friendly working hours that will encourage recruitment of those with young children and people with disabilities. Whenever possible a Welsh language speaker will be available at the shop.

Daily and Sunday papers will be available for those who have ordered them in advance, with a small extra number for casual shoppers. A special cadre of volunteers will be responsible for the collection, collation, display of daily and Sunday papers.

Below are a number of photographs of village store interiors which have inspired us.



The Organisation

Current active members of the Management Committee are all residents in the community and are:

- Mark Kerr (Chair)
- Alan Williams (Treasurer)
- Megs Osler (Minute Secretary)
- Linda Kells
- Alina Evans
- Geoff Beaven
- Melrose East
- Robert East
- Clare Owen
- Colin Preece
- Emily Durrant
- Rose Snowden (Non-Member Secretary)

The Management Committee have agreed on a set of Community Shop Principles which provide guidance on the fundamental duty of care owed to the community (appendix 9)

Legal structure

A Community Benefit Society (CBS) has been chosen as the most appropriate for the proposed community shop, as it has the following features:

- i) Voluntary and open membership
Membership is obtained by the purchase of one or more shares
- ii) It is a corporate body and, therefore, all members benefit from limited liability, meaning that all individuals involved in setting up, running and/or investing in the community shop would not be personally liable for any debts that may be incurred
- iii) One member one vote – irrespective of the number of shares an individual has in the CBS

- iv) One member one vote allows for raising finance in the community (and this does not need to comply with any Company Law regulations)
- v) Possibility of tax relief for individuals for such shares
- vi) The rules governing a CBS expressly state that the enterprise will not directly benefit any specific individual(s) but is for the benefit of the community, the community identified for this purpose as the Llangors Community Area
- vii) A CBS is eligible for most types of grant funding
- viii) A CBS has an asset lock

Revenue Forecasting

The financial prospects for the Llangors Community shop have been extensively analysed and the estimates and projections have been compared with published information for comparable community projects that have already been set-up and traded successfully for a number of years. A Financial Plan for the Llangors Shop has been drawn up covering the start-up and the first 5 years of operation. The Financial Plan is provided as Appendix 1.

It is many years since a similar shop traded in Llangors and consequently there is no reliable data on which to base likely turnover predictions. In this situation a credible methodology has been used to predict the shop's financial performance although small changes to the underlying assumptions can lead to significantly different outcomes.

The turnover predictions are built on the responses to the community survey which sought information about likely usage patterns and frequency. This information predicts an average usage of 372 visits per week by those who returned the survey questionnaires and this 'base' figure underpins the three financial prediction examples that are illustrated in the Financial Plan. The amount spent per visit is another important variable. The annual Shop Report by the Association of Convenience Stores reveals that customer's average spend at a local store is £6.50 and the three examples assume variations around this figure. The amount by which the actual usage of the shop will fall short of or outperform these factors cannot be predicted with a high degree of certainty which is why three examples have been included in the plan.

Consistent with a conservative approach to estimating two of the prediction examples assume less than the base figures in the first year of trading with later years growth being achieved by attracting parts of the community where participation in the survey

was low and there is significant potential for attracting passing trade from walkers, cyclists and motorists and particularly from parents transporting their children to and from the adjacent village school. The level of this additional trade is expressed as a percentage margin on the base figure.

Comparison with other successful Community Shops serving similar sized communities gives confidence that the turnover predictions are well within reach. Equally these comparisons show that the space provided by the available 'portacabins' can support all of the turnover rates predicted including the third year of the highest growth example.

The shop's income is based on 20% margin on sales recognising that achievement of this average figure will require a blend of zero for essential items such as newspapers and perishable goods, and a necessary higher margin on all other items. The Café operation should achieve an even higher margin which will bolster overall gross margin performance.

Staff costs are the largest single discretionary item and the intention is to employ a full time equivalent experienced manager from a minimum of two months before opening day as there is a recognised need for hands on retail experience beyond that of Management Committee members. These staff costs drive the poor profitability of the shop in the early years but they cannot be avoided as they will ensure that the enterprise has sound foundations and a successful future. As the shop cannot sustain trading losses particularly in its early years a contribution to the staff costs has been included as part of the cost estimates.

The three examples, dubbed 'pessimistic, probable and optimistic', all predict a loss in the first year of trading with 'pessimistic' only predicting sustainable profit in the 4th year. Although the other examples predict a healthier financial performance given the additional uncertainty of the impact of Covid pandemic measures all financial planning is being based on the pessimistic example which requires a manager's salary contribution for the first three trading years albeit very small in the third year.

The assumptions that underpin the predictions are captured in the last table of the Financial Plan.

The required start-up funding will be raised through a combination of grants and a community share issue. The project will also benefit from generous donations in kind and from the efforts of volunteers.

Appendices

APPENDIX 1	Financial Plan
APPENDIX 2	Village Shop Survey
APPENDIX 3	Village Shop Visits
APPENDIX 4	Analysis of Local Trade
APPENDIX 5	Analysis of Targets, Outcomes, Outputs and Impacts
APPENDIX 6	SWOT Analysis
APPENDIX 7	Risk assessment – Pre Start-up Predictions
APPENDIX 7A	Risk assessment – Start-up Predictions
APPENDIX 8	Analysis of Shop Locations
APPENDIX 9	Community Shop Principles