



## MODULE 7

The HOW and WHERE of being in business,  
the making of a product or service



# USING OUR COURSE- IT COVERING 9 KEY MODULES



## MODULE 1

*Your creativity, where do business ideas come from ?*

## MODULE 2

*Personal Development: what are your goals?*

## MODULE 3

*Qualifying your business idea - the importance and tools of research*

## MODULE 4

*New ways to be in business – introduction to private, social and community enterprise*

## MODULE 5

*Entrepreneurship on a shoestring*

## MODULE 6

*Let's get practical, managing and raising project finance, legalities for starting a business*

## MODULE 7

*The HOW and WHERE of being In business, making product and service*


## MODULE 8

*Sales are the engine of your business*


## MODULE 9

*Marketing on a shoestring*





This Module will help you understand what you need to have in place to make your product or deliver your service





## MODULE 7 CONTENT:

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- Making Products and/or delivering a service
- Your Operation Plan – focus on production, supply chain, quality control and level of service
- Legal Environment and Regulations
- Business Premises & Working Arrangements



# MAKING PRODUCTS/ DELIVERING A SERVICE

A product is a tangible good that a customer can see, touch, feel, try on, taste or otherwise use.

A service is intangible -- something a customer experiences but doesn't hold or retain.

Through Modules 1 to 7 , we have taken you through identifying , researching and pricing a product or service that will be the basis for your business. We now need to look at what is involved in making that product or delivering that service.







# MAKING A PRODUCT – DELIVERING A SERVICE

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A tangible product is one that's measurable, touchable, visible or comes in packaging. You manufacture it or prepare it for sale. Your potential customer can examine it. Of course, most products have an element of service – customer service - in them.

A service, on the other hand, isn't something you can try out before you pay for it. Unless your customer will read online reviews, confirm your credentials or ask for a trial service, they may not know the outcome of the service until the work is in progress.



# YOUR OPERATING PLAN

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This is the part of your business planning that deals with the OPERATIONS - the physical necessities of your business's operation, such as your physical location, facilities, and equipment. You need to consider and make decisions on materials and stock requirements and suppliers, and a description of the manufacturing or service process.

## Operating Plan - Key Components

**Your base/location:** What type of premises are you working from, its size and location? Are you working from home or renting a premises, and at what cost ?

**Equipment and Assets:** Describe the equipment necessary its worth and cost. How will this be financed? Also make a list of your assets, such as buildings, inventory, furniture, equipment and vehicles. Include descriptions and the worth of each asset. How will you use technology, processes, products and services to reach your goals?



# YOUR OPERATING PLAN - PRODUCTION

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**Product or Service Development** - How do you plan to make your product or carry out your service?

## EXERCISE: YOUR PRODUCTION OPERATING PLAN

1. Write down a step by step outline of the product process or service delivery activity from the beginning to the end – the point you get paid
2. Outline the day-to-day activity necessary to carry out your business.

Here you should outline the process of making or manufacturing your product. If you provide a service, you should outline all of the moving parts and individuals necessary to carry out the service.

A great way to do this is to create a checklist or flowchart for delivering value.





# YOUR OPERATING PLAN - PRODUCTION

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**Production Timeline** - Explain how long it takes to produce a unit or deliver your service – you have covered this in Module 6, Lets get Practical. When will you be able to start producing your product or service. Include factors that may affect the time frame of production or service and how you'll deal with potential problems or opportunities, such as rush orders.

**Production Feasibility** – always refer back to the Market Research, Questionnaires, Competitor Analysis that you completed – covered in detail in Module 3 Qualifying your Business Idea, the importance and tools of research. Is your practical plan to produce your product/service delivering of what your research identified as the key element ?

**Vulnerability** - You should identify any potential problems that could arise in the production or service process. How will you handle any such issues? What would be the effect on the business?

# YOUR OPERATING PLAN – SUPPLY CHAIN



You need to be very clear on your supply chain which covers the movement and storage of raw materials – the materials or substances used in the making of your product – e.g. a baker needs flour, eggs, packaging – all of which need to be sourced from different suppliers.

**Supplier Background:** You need to research your suppliers carefully. Check out all background information on the supplier, not only their prices, other aspects are their reliability of supply, credit terms. You need to have confidence in the stability/dependability of their service. Reliance on one sole supplier is also risky so have alternatives available to you.

**Details of Supply:** Put in writing the type, amount, and cost of the supplies from each supplier. This should include a description of any anticipated fluctuations in the requirements or costs of the inventory. For example, you will want to outline the spikes in seasonal demand.





# STOCK AND MATERIALS

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**Stock Turn-Over:** At what rate will you need to restock your supplies? This is an important figure used in assessing the sales strength of the business. You will want to make a special note about how the stock turn-over compares to others in your industry.

**Special Inventory Requirements:** Do you have a plan for dealing with stock requirements seasonally. This includes a plan for lead-time ordering.

**Stock Control:** You will have to establish a plan for monitoring and controlling stock. Do not forget stock = your cash so be very careful to manage this very tightly.



# YOUR OPERATING PLAN – SUPPLY CHAIN

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## **Payment Terms:**

Be very clear of the basis of the supplier-purchaser relationship. What are their terms of payment? What are their terms of delivery?

## **Back-Up Plan:**

It is important to have a back-up plan in the event you lose a supplier or the supplier is unable to meet for operational needs. This could include options of alternative suppliers. This avoids placing too much operational importance on third parties.



# YOUR OPERATING PLAN – SUPPLY CHAIN

## SUPPLY CHAIN FOR A SWEATER

1. Farmer shears the sheep and yields a woollen fleece
2. Wool is transported to woollen mill who prepares the fleece and converts into wool
3. The mill sells the wool to a wholesaler or directly to you
4. The wool is delivered to you and you create the garment.
5. You sell the sweater to a shop or directly to a consumer. Delivery happens and you get paid.



# YOUR OPERATING PLAN

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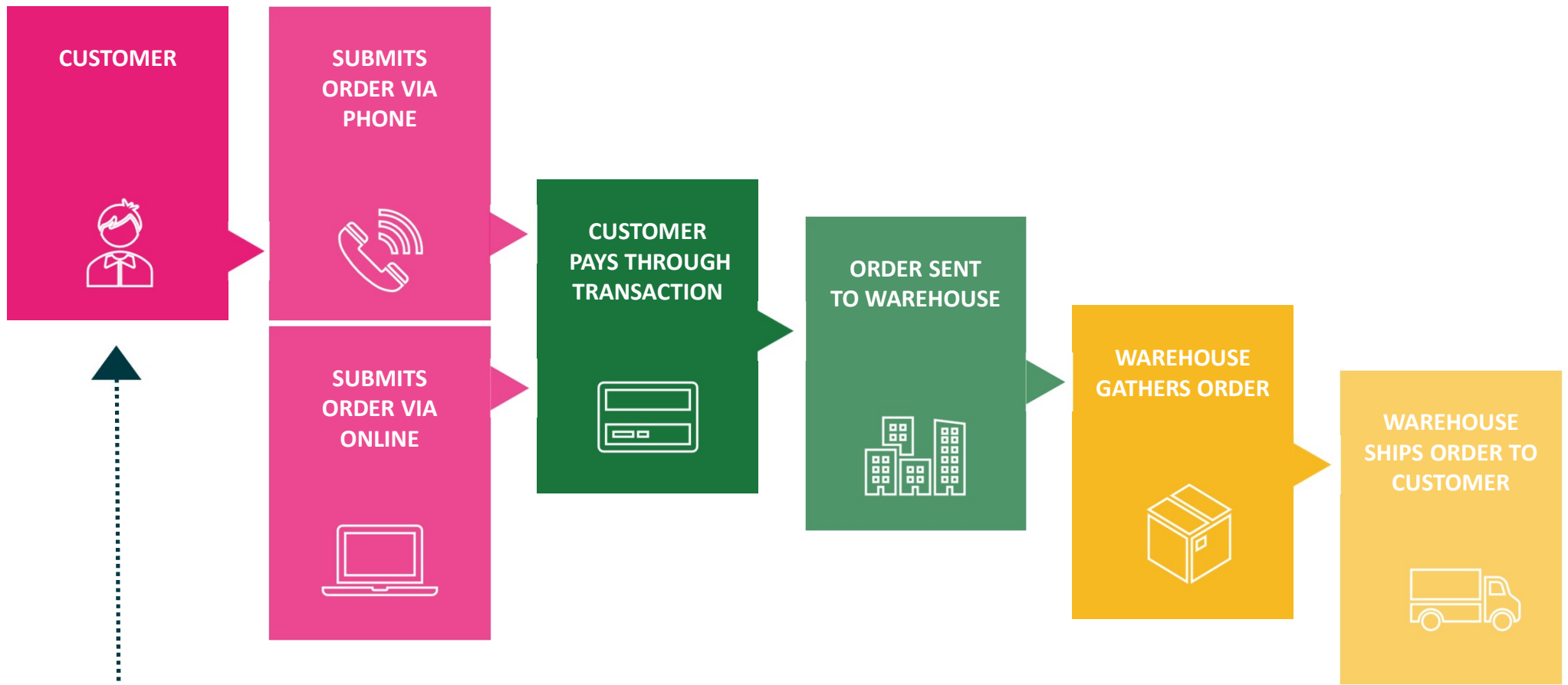
## Product or Service workflow

A step-by-step description of how your product or service will be made, identifying the problems that may occur in the production/service provision process. To put it simply, a “ workflow ” is how you get work done. It’s a series of tasks you need to complete in order to reach some repeatable business goal. The key word here is repeatable.

This must be done in the context of risk... Outline the potential problems that may interfere with the production process and what you're going to do to negate these risks. If any part of the process involves hazards, describe how this will be dealt with through safety approaches and training e.g. if hazardous materials will be used, describe how these will be safely stored, handled, and disposed.







# Product or Service workflow

THROUGH ENTERPRISE | *Make your enterprise dreams come through*



# YOUR OPERATING PLAN – QUALITY CONTROL

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**No matter how small your business, quality has to be a very high priority for you**

When customers feel that they can count on the consistent quality of your products, they're more likely to give you their repeat business. Consistent quality takes hard work, attention to detail and systems for monitoring and assessing whether your products meet the standards you have set.

Quality control is an ongoing process that touches everything from purchasing to manufacturing to distribution.



# YOUR OPERATING PLAN – LEVEL OF SERVICE

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## Hours of Operation:

Indicate and give a justification for your intended hours of operation. Does your location support these hours of operation? E.g. Julie's Sweaters intends to operate Monday thru Friday from 9 am to 5 pm. Julie's Sweaters will be operational year round. Being self employed does give you flexibility of time but you will achieve more with defined hours of business. It also gives clarity to customers.

## Customer Service :

What level of **service** do you provide ? Be very clear from the outset, what makes your service so extraordinary ? What is your plan for customer service? This includes sales communication, return products, and customer follow-up.



# YOUR OPERATING PLAN – LEVEL OF SERVICE

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## Terms of business:

This is a really important area to get right from the start. Your terms of business outline the important details that you share with customers before purchase to ensure mutual understanding. Sometimes called T&C - terms and conditions – they cover

- **PAYMENT TERMS** - your decisions on when a customer pays- is it on a prepayment basis, cash on delivery, 15- or 30-days credit, any late payment penalties ?
- **DELIVERY ARRANGEMENTS** - free delivery or delivery costs ?
- **GUARANTEE** - on your work offers reassurance, even if it is broad. E.g. we offer a 30 day money back guarantee on all nonperishable items. Perishable items may not be returned.



# YOUR OPERATING PLAN – LEVEL OF SERVICE

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- **REFUND OR RETURN POLICIES** - Retail establishments normally maintain separate return or refund policies. Ecommerce sites usually give this policy its own webpage. If you sell products online, you can place these policies in your T&C too. For service contracts, a return or return policy may indicate that these are not options.
- **DELIVERY TIMELINES** – Set out the timelines for your product or services and expected dates of delivery from the time of order
- **PRIVACY STATEMENT** - If you handle personally identifiable information, you need a Privacy Policy in addition to your T&C. It is still recommended and helpful to reference privacy or confidentiality in your T&C, but you'll still need a separate Privacy Policy as well. This section does not have to be long. At the very least, provide a link to your Privacy Policy or refer to it if your agreement is not provided online.



# YOUR OPERATING PLAN – LEVEL OF SERVICE

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- **REMEDIES IN CASE OF BREACH** - Agreement breaches include everything from failure to pay for products or services to low quality and workmanship. The payment default provisions above offer remedies for breaches involving failure to pay. Return and refund procedures offer assistance if a product or service is below expectations. Remedies also include preferred dispute resolution. It is in the best interest of a small business to avoid costly litigation and pursue alternative dispute resolution.
- **GOVERNING LAW** - Putting a statement in your T&C about governing law is a good idea if your product or service is not limited by location. For example, if you sell a product that you ship across the country or even overseas. It is likely you want disputes settled close to home. The only way to guarantee this is to limit the jurisdiction where customers can bring complaints.





# LEGAL ENVIRONMENT

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**Taxation:** Registering for tax, sales tax registration and withholding, property tax, etc., make sure you are fully aware of your obligations.

**Protecting Intellectual Property:** Depending on your business, you may need to develop a plan for protecting and maintaining all applicable forms of intellectual property, including trade secrets, trademarks, copyrights, and patents. In some cases, protecting your intellectual property can be very costly (such as patent filings). Account for these costs within your financial plan – Module 6.





# BE AWARE, BE PREPARED- REGULATIONS

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## Licences

Some trades/sectors require permits or licences to operate e.g. street traders and waste management. If you are in the food or cosmetics sectors, there are dedicated regulatory authorities with whom you have to register and comply to their standards.

## Health and Safety

If you are offering a service to customers e.g. hairdressing, gardening, you will be responsible to ensure that you meet safety in the workplace legislation. Outline a plan for the necessary workplace inspections and standards. These standards can drastically affect your construction plans and applicable costs. Environmental regulations include proper documentation and accountability for waste, waste and environmental surveys of the location, etc.

**Employment Laws:** Develop a plan for legal compliance with all employment laws.





## PERSONNEL

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While you may be setting up your business as a one woman show, you may need to plan for taking on key personnel to help you in the business and the types of positions that will be necessary. This might be a staff member or a freelancer or independent contractors to help you carry out business functions. You will need to account for the personnel

**Startup Team:** Who is part of your startup team? What will be their primary area of responsibility? Describe what you understand their role and duties to be and explain how they are qualified or competent for these duties. What will they cost your business and can you afford to take them on ?





Where to set up your business ?



# ADAPTABILITY AS A NEW START-UP

## *Business Premises & Working Arrangements*

### Co- Working Space

A flexible arrangement - you can lease on a rolling basis for a period of days, months and even years. Ideal for digitally-based start-ups with minimal staff, this type of workspace agreement drives collaboration and flexibility while also minimising costs.



### Virtual Address

Popular for start-ups that operate within a competitive niche, enabling you to associate yourselves with iconic addresses e.g. The Food Hub. Helps to cultivate trust among customers, also instantly lowering overheads



### Popup Retail Space

This structure is completely temporary and can include vacant storefronts, for-rent buildings, or abandoned factories.

**READ ABOUT POP UP GALLERIES**  
<https://partners.artsy.net/resource/pop-up-galleries/>





WHAT QUALITIES  
DO YOU NEED IN  
A BUSINESS  
LOCATION?

1

## Physical Buildings:

Determine the type of location you'll have. What do you need for your business to operate? Do you need multiple locations or locations designed with specific purposes, such as manufacturing, administrative office, and retail sales location.

Plan in advance for your needs. You also need to consider the legal aspects:-

- Building layout and designing the workflow of the building
- Negotiating lease agreements.







## WHAT QUALITIES DO YOU NEED IN A BUSINESS LOCATION?

2

### Physical Building Requirements:

Plan specifics, such as a breakdown of cost per square-metre, materials, design, interior layout, parking, etc. Also consider ..

**Amount of Space:** Determine the use of space. Have a plan for space demands with the expected growth.

**Type of Building:** Justify your decision to rent

**Zoning:** Make certain your anticipated activity meets the applicable zoning requirements.

**Power and other utilities:** What will be your specific power needs. Have estimates for the cost of power and the resources/regulatory approvals necessary.





WHAT QUALITIES  
DO YOU NEED IN  
A BUSINESS  
LOCATION?

2

## Physical Building Requirements:

**Access:** What type of access do you need for your location? Detail how customers, employees, personnel, etc., will access your business. Ex. Do you need easy walk-in access? Is it convenient for customers and suppliers?





WHAT QUALITIES  
DO YOU NEED IN  
A BUSINESS  
LOCATION?

3

## Costs

Determine a preliminary figure for costs associated with setting up in your intended location.

### Examples of expenses include:

- rent,
- maintenance, utilities,
- property taxes,
- insurance,
- construction/remodeling, etc.

These numbers will become part of your financial plan.



# EQUIPMENT AND OTHER ASSETS

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**Necessary Equipment:** What equipment do you need to carry out the basic operations?

**Current Assets:** You may already have some of the necessary equipment to carry out operations. Identify these assets.

**Equipment Priority:** Some equipment may be desirable but not a necessity. Decide a level of priority for obtaining it. Give them a higher priority if they are likely to increase production or efficiency.

**Equipment Pricing:** Outline a projected cost for purchasing (new or used) and renting the necessary equipment. Make sure you decide the advantages and disadvantages of each

**Equipment Financing:** Research any financing arrangements that you need to put in place for stock, furniture, equipment, and vehicles. See Module 6 for a full review of your finance needs.



# NEXT UP | *Module 8*

*Sales are the engine of your Business*



A large, dark teal circular graphic with a white mouse cursor icon pointing at its left edge. The graphic contains contact information for Through Enterprise. At the top right, there is a vertical column of yellow chevron arrows pointing downwards. At the bottom left, there are two circular icons: a pink one with a white Facebook 'f' and a yellow one with a white globe icon. To the right of these icons, the text "@throughenterprise" and "www.throughenterprise.eu" is displayed in white.



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