

## Business Plan

# The Greenhouse



2008

The Greenhouse will exist for one primary purpose:

To receive and sell donated goods for financial profit for subsequent future reinvestment in the social, community and environmental fabric of the area.

This document<sup>1</sup> will lay out a plan for how this will be realised in the short, medium and long term. The business plan is roughly in four parts

**Part One: Shop Operations, Project Viability and Marketing**

**Part Two: Future and Potential Operations**

**Part Three: Relevant Issues**

**Part Four: Shop Manager Job Description**

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<sup>1</sup> This is a draft document and is subject to change.

## **Part One: Shop Operations, Project Viability and Marketing**

### **Shop Operations**

The Greenhouse will operate as a not for profit business.

The primary method that the business will use for creating profit is by the resale of donated goods through two main channels

1. High Street Shop
2. Online auction sites (Ebay)

Credibility and profitability for these two channels

### **High Street Shop**

The rapid increase of 'charity shops' has been remarkable, from just a handful in the 1980's, to at least one in nearly every town. Dingwall itself has four shops, all dealing with specific charity organisations. The reason for this dramatic rise has been the ever growing culture that wants to find a bargain. This has created the market for major retailers like Tesco and Primark, no longer are we a people driven by quality, it is price that matters. This culture may have contributed in some way to the current economic crisis we are in, but regardless it is a mindset which is here for the foreseeable future. The charity shop was able to meet this need, and this would explain quite well the rapid growth of the high street charity shop.

Is there room for a fifth shop in Dingwall is a question we have also researched, and the answer is yes. With the continuing downturn in economic stability people are trying to reduce costs all the time, the charity shop is well placed to assist in this. People interviewed reported that they would quite happily walk to a fifth charity shop because it increased their opportunity to find something that would meet their need. Inverness for example has 8 charity shops, and most people who use them make a regular circuit around all of them.

This also leads well into location, how important is it to have the shop in the right place? Again research revealed that people were happy to walk a circuit to visit the shops, the standard of the shop is the only thing that would hinder a customer making repeat visits. So it may well be that being set back from the High St will attract the same customer volume as a High St premises, whilst attracting a lower rent.

What makes a good shop? Well we did some survey research and found out that most importantly these things made a bad shop: smelly, disorganised, overpriced, tatty goods, unfriendly staff, poorly lit. All the opposite of the above made a good shop as well as having all items priced.

## **Online Shop**

This is a market that only a few national charities exploit, but it is one that is significantly profitable, three examples of items purchased from charity shops and resold online will make the point quite clear.

1. Timberland boots, purchased from shop for £2 and resold for £26 to UK buyer
2. Duran Duran picture cover 12" disc purchased for 50p and resold to Japanese buyer for £90
3. Myott vase purchased for £22 and resold to UK based American dealer for £285

It is clear that should these have come in the form of donations, then the profit margin is staggering. Whilst there are packaging, postal and seller fees, a good 75% of these are normally met by the purchaser. The online shop incurs low costs compared to the High Street shop, but it can only truly be practical if working as an outlet for the High St shop.

The reason the online shop does so well is the increased traffic, over 750 people viewed the vase, and many would have been collectors who searched for 'Myott'. This means we would have many potential buyers and not just browsers.

## **Staff Levels and remuneration**

Initial staffing level will be one person, the manager, who will have recruit volunteer staff. There may be a requirement to fund a driver/collector, but it is hoped that this can be done by self employed driver on an invoice per collection basis.

Due to initial low staff levels the shop will be open restricted hours, but once volunteer staff are recruited and trained the opening hours may be extended.

The starting salary for the shop manager will be paid in line with other similar positions for a basic 36 hour week, but this will be under discussion in the part three. The job description and further details for the position are shown in part four.

## **Project Viability**

Is there a need for this project?

Definitely yes, and it this can be shown from a number of examples.

The most salient example could be found in any voluntary group, and that is the subject of running costs. Most funders provide only start up or specific project costs, but trying to find someone to pay your insurance or rent is very difficult. It is often only the general goodness of the people running those groups, who so often do not count the financial cost to themselves that allows them to continue. Yet this cannot be relied upon, and many groups fall away because of this. The Greenhouse could go some way to meeting a lot of these needs.

Also funding can be slow in appearing, and also eat up valuable hours spent from filling, and whilst Greenhouse would obviously need some assurance of responsible spending, the local knowledge it had would enable it to respond quickly.

There is a need that is less obvious, but is equally important, and that is reward for those who donate. In reality we like to know that what we give is used for general good, and whilst this in some way negates the true essence of selfless giving (left hand not knowing what right hand is doing) it is how we are. When we give to Cancer Research, or the PDSA we know we are doing good for very worthy causes, but we are rarely the recipients of that in a direct manner. The Greenhouse will give those who donate the very real prospect of seeing their gifts grow before their very eyes.

People will know where their donations go and see project updates in the shop.

To fund social, community and environmental projects we need financial backing, but we need it with no strings attached and we often need it quickly, the Greenhouse can respond to this, and that is why there is a need for this project.

## **Marketing**

It is recognised that local news will be important to a successful launch, and as DDEG has built a good relationship with local media, we are hopeful of good coverage. The main marketing will be by direct mailing to houses asking for donations, we will systematically mail the town with A5 flyers.

It is also intended to mail businesses to begin a system of business recycling as well as Highland Council Recycling to see what serviceable items can be redeemed from the recycling depot.

## **Part Two: Potential Future Operations**

### **FREecycle**

Drop off for Freecycle<sup>2</sup>, one possible gap in the Freecycle network is that not all items offered are collected and not all people use Freecycle. If recycling is to be taken seriously we need a place where goods can be dropped off and taken freely by those who need them. The majority of these items currently go to the waste recycling depot, once through the gates they cannot be removed.

### **TOOL BASE**

People have asked for a base where tools can be stored, especially litter pickers etc. Green Gym have also suggested that some volunteers would like to do little bits of minor works around the town out with Green Gym, including litter picking, if tools were available centrally then volunteers could gain quick and easy access to carry out small tasks such as litter picking.

### **WALKING BASE**

Local knowledge of the town is priceless; one example is the River Peffrey. It has come to light that a great deal happens on this river which is missed by the majority. The Kingfisher and the Stoa (and Otter) recently sighted are good examples. It could be that the shop carries an A4/A5 laminated card showing a 'round the River Peffrey' walk. This could highlight historical and natural features by using a series of numerical viewpoints on the card. Binoculars would be available to hire for the duration of the walk. We could also promote the round Dingwall walks network.

### **AUCTION BASE**

Many people have items they no longer need but do not want to donate to a charity shop. They also do not feel able to take a solitary item to an auction house, neither do they want the hassle of obtaining an Ebay account, listing, selling and then packing item for sale. Greenhouse can act as intermediary, selling items for a percentage of the final fee. The percentage would have to be higher than an auction house to cover listing, selling and postage fees, this percentage would need to be carefully worked out. Also if item did not sell there would still be listing fees. This could also be done through the shop as a static sale.

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<sup>2</sup> Freecycle is a worldwide web based organisation that people join for the purpose of freely exchanging goods they either no longer need or goods they require. It is possible to advertise items wanted or offered.

## **ART/PHOTO GALLERY**

Whilst not wanting to upset our neighbours at Tijo over the road, DDEG do have some artists and photographers among our membership, it would be a great to showcase local talent by allowing free display space for our membership, and it would brighten up the shop as well as offering potential commissions to the artist/photographer. Our A4 photos have proved very successful and just the launch day alone provided over £100 of sales, of which roughly 70% was profit, we could print these on site.

## **SALE OF GROUP FOOD**

A lot of DDEG members grow their own food, many often having a surplus, this could be sold, or better still given away in exchange for volunteer hours/donations etc, a sort of barter system. The shop also has growing space at the rear of the shop, it would be wonderful to grow our own food, and it could be the shortest food miles in the UK (World), in fact it would be food 'inches'. A further benefit of this would be the ability to show interested customers the food growing process in action, offering advice on how to do it in their own home.

## **SEED EXCHANGE CENTRE**

Some co-operatives have seed exchanges, a day or two in the year when people can exchange seeds rather than always buying new packets. The Greenhouse could have a permanent seed exchange rack for people to freely exchange.

## **FAIR AND ETHNIC TRADES RETAILER**

Not only Fair Trade, but any trade where money goes directly to source, benefitting people far less prosperous than us, some possibilities are already being explored through an outlet in Zambia.

## **CAFÉ/MEETING PLACE**

This is more difficult as having a café raises all kinds of food preparation issues, yet the making of tea and coffee is not a problem. This would also lend itself to later opening hours during the summer possibly. To have somewhere opened till 8pm may be of benefit to visitors. The shop could provide board games, magazines etc for customers.

## **PUBLIC INTERNET ACCESS**

This would also fit with the café/meeting place idea, and maybe one or two terminals would be an attractive reason for people to come through the door. With the closure of MBN we could also provide printing services and other IT services.

## **INFORMATION POINT**

I wanted to call this tourist information, but that seemed to be too narrow a view, it is not just visitors who need information, but residents as well. The shop has four big windows, two of which could be dedicated to providing up to date information. Anything from local B&B's to Dingwall Players events. Or have a list of ongoing projects, meetings, local business contacts as well as the more common tourist information. We could also have talks on local and global issues, information on sustainability, recycling etc. There could be a local notice board that would display notices such as "I want" or "where can I get" service.

## **FRIENDS OF GREENHOUSE**

This could be a list of those who have goodwill towards the shop; current people could be DDEG, Dingwall in Bloom, Schools, Farmers Market, Episcopal Church, Highland Council, ROWAN. We could also produce a list of businesses that take recycling and environmental issues seriously and contribute to the lessening the impact our town has on the world around us.

## **Part Three: Relevant Issues**

We have a need to work out how we will discover if the shop is a success, and with us opening in November it is hoped that if we can survive the winter then we should be able to sustain ourselves long term. Along with this we have to consider our costs, so below are some of the things we will need to think about in the near future.

Start-up, weekly/monthly running costs. Salary for Shop Manager - Percentage or flat rate, is percentage allowed under "not for profit" organisation. Percentage would offer an incentive for manager to be innovative and not just see it as a job.

Costs involved in restocking, will people deliver goods, or do we need a van for collections. If we need a van then could we source a vehicle that would benefit more groups?

What hours to open - 9.00 to 5.00, evenings for talks etc, Staff – Shop Manager, plus volunteers, stand-in Shop Manager away, possible role for Assistant Shop Manager. How many staff at any one time, rotas, training for staff, and where is stock to come from - initially and on-going, where to advertise, how often to advertise, word of mouth or door to door delivery.

### **Indicators of sustainability**

Break even (cover costs and salary), make a profit - minimum expectations, how long trading before profitable, how long to trade before giving up if not as planned.

How to cost value of service to community in simply being there, is enough stuff coming in for the shop to sell, feedback from customers/volunteer staff.

### **Profit Sharing**

How will we decide who gets shop profits, in some ways we need it to be as smooth as the Ward Discretionary Budget and in many ways will operate in the same way. The only real difference is that the town gets to donate to itself. We need a group (maybe all of DDEG) to decide where the profit goes, would this be workable? How often should profit be shared? We may need some profit to enable us to expand if needed, how else will we buy out Tesco!!! Back anything that supports community, or only environmental projects

Will we need to move to High Street premises – should we set a date for when would like to be able to do this? Or do we stay in first shop but plan to open additional premises (yard for goods)

What are our Legal Requirements, in essence we are just a car boot sale within a shop premises, and getting open and trading is the priority, but we will need to look seriously at the following. If we have a cafe, food standards certificates, cooking on premises or drinks and none cooked food.

What can/can't be sold – electrical items, do we train people to PAT test and then we can stop the amount of electrical goods that go into landfill. Age of volunteers, hours they can work. Fire risk assessment - Health & Safety legislation and if we play music in the shop do we need a public performance licence.

What about our ethical issues stance, it is intended to run initially without carrier bags, but we will use other people's bags that arrive in the shop. Do we in time produce a shop's own re-useable bag for sale? Local grown food - organic only, or both, if cafe, limit food miles on items being cooked/sold?

Part Four: Shop Manager Job Descriptions

# TheGreenhouse

## Job Description

### Shop Manager

#### Dingwall

**Hours:** 36 Hours per week

**Salary:** £15,080 per annum

**Contract type:** Open-ended

**PURPOSE of Greenhouse:** To receive and sell donated goods for financial profit for subsequent future reinvestment in the social, community and environmental fabric of the area.

**JOB PURPOSE:** The purpose of your role is to develop and implement a series of actions that maximises the shop's/shops' contribution to local groups and projects as decided by DDEG, with a focus on the people who donate their time and their gifts as well as, creating a presence that ensures that the shop is at the heart of the community.

## Key Responsibilities

As a shop manager your primary responsibility is to achieve the Greenhouse mission, which is **'to make as much money as possible to benefit the community'**, within an empowered culture.

### **People**

- Recruit, lead, manage and plan for the development of your shop team.
- Provide a safe environment that protects all people (shop and public) from harm.

### **Product**

- Maximise the income from donations and new products.
- Ensure all products sold in the shop are compliant with Trading Standards.
- Seek new and innovative ways of increasing donations

### **Pounds**

- Utilise all space in the shop to increase profit.
- Plan and monitor income and expenditure effectively.

### **Property**

- Take all reasonable steps to secure property from theft or damage and report any maintenance to the landlord.

### **Communications**

- Be aware that you, your team and your shop represent DDEG and ensure your actions reinforce Greenhouse and DDEG values and beliefs.
- Produce the newsletter 'Greenhouse Gas' on a regular basis, electronically and physical copies.
- Liaise with agencies sympathetic to Greenhouse ethos in regard to rental space in premises.

## Skills and Competence

1. **Leadership** - Ability to lead, recruit, train, develop and motivate shop team to meet business objectives identified in the Business Plan.
2. **Results focused** - Ability to contribute to meet objectives/targets with a drive to achieve results.
3. **Making Teams work** - Ability to manage a busy workload working in partnership with shop team. Ability to maintain an environment that is safe from hazards and complies with health and safety legislation.
4. **Exploiting business resources** - sourcing, pricing and selection.
5. **Being Customer led** - display, merchandising, ordering, selling, customer service.
6. **Applying commercial judgement** - sales/space analysis, budgets, financial controls.
7. **Developing Capability** - Ability to communicate Greenhouse's purpose effectively to staff, volunteers, and the public.
8. **Thinking and problem solving** - ability to plan, analyse and negotiate resolutions with advice when required.
9. **Promoting Change** - adaptable and flexible, identifies opportunities and generates new ideas.