



Treasure Haus

CONFIDENTIAL

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INOV30004: New Venture Creation

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Group 5



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1.1 Executive Summary

In 2014 our founder Ruth found her nose up against the glass of the Louvre wanting to wear the treasures housed behind the museum's cabinet. Bangles of gold, ancient necklaces and rings from a bygone era. Our other founder, Charlotte, spent hours in the Victoria and Albert Museum's jewellery room wishing for the Tudor lockets on display. Both tried to buy replicas from the museums' shops, but they soon tarnished and wore badly despite their high price tags. Ruth searched antique shops and online markets to find that the real treasures cost £1000s and there were ethical implications of buying. Both types of products could not be worn everyday for years. They therefore joined forces to create their very own grotto of treasure and named it Treasure Haus after the palace treasure houses.

Treasure Haus creates jewellery for the female millennial market who are currently purchasing 78% of their own jewellery. Furthermore, the millennial and gen z market now makes up the same market proportion as over 35s. Our target market want to wear this jewellery everyday to express their individuality in a work space where formal attire and uniforms often have to be worn. They look to spend about £100-300 per item. Since gold has inflated so much since 2008, this is no longer the price point for luxury jewellery but instead demi fine jewellery made from 925 silver and brass plated in gold. This offers a real opportunity to create luxurious looking items from high quality materials, and yet be able to sell them at an accessible price point for all.

In keeping with our roots we shall create jewellery lines based around a historical theme. For example, in our first year we will bring out our first jewellery line of 10 items based on the Ancient World. By creating a line theme, people can build a collection from one era or mix and match as our business grows with additional eras.

Moreover, our customers will be educated about the stories behind their products. We shall create short info posts within the product descriptions on our website as well as full blogs explaining the history behind each of our products and the inspirations that it has been built on. We aim to bring history into the everyday through our social media movement and strong visual led marketing via social media platforms (specifically Instagram and Pinterest). We shall also create information postcards to go into our product boxes along with care cards to explain how to best maintain the lustre of our jewellery.

We aim to bring the sustainability and ethics of our products to the forefront of our brand, using eco metals, Fairtrade materials and reused antiques as standard to create our products. Our target market is increasingly interested in where their fashion is coming from and so this strategy of differentiation will give us a competitive advantage with our target market.

We shall use a marketing agency to advice us on the best way to grow our brand, but we will not undertake large advertising campaigns. Instead carefully placed emails, articles in magazines and fashion forums as well as a strong and consistent social media campaign shall be our main methods of marketing. Establishing a strong and easily sharable brand which adds additional value to our customers for free is paramount.

We are undertaking a competitive strategy through product differentiation. We shall have similar prices to our competitors, but we shall focus on what we know best – historical designs. By keeping this element of differentiation we aim to become the go to place for historical jewellery in the UK and later world-wide. There are companies dabbling in historical jewellery such as Cleopatra's Bling and Missoma, and other companies creating fabulous replicas for film and private sales, but we aim to do solely historically inspired jewellery at accessible price points for everyday wear.

In order to create Treasure Haus we will secure 2 start up loans of a cumulative £50,000 value over our first year of production. We aim to scale through organic growth by targeting museums and galleries first directly and asking them to stock with us. We offer sale or returns for the first 10 items they sell for us. By our 3rd year we aim to have expanded across the UK into every major museum and art gallery shop including the V&A and British Museum. We shall then start targeting luxury boutiques in the UK. In our 4th year we aim to expand internationally, using the same plan. We shall first target museums world-wide, using our success in the UK as an example to them, and then we aim to expand into world-wide online retailers such as Wolf and Badger and Net-A-Porter. To launch our world-wide effort we look to gain £100,000 of Angel investment for 5-10% equity in our 3rd year, ready for launch in year 4.

This will allow us to have a company valued at over £100,000 at the end of year 3, and over £8 million by the end of year 5 once Treasure Haus has exploded across the UK and international markets which are expected to have expanded to £196 billion by 2020.



1.2 Treasure Haus

Treasure Haus: A place or a collection where many things of value can be found.

Humans have always been curious about those who pervaded the earth before we did. Across a vast stretch of history people before us created a rich material culture, which they left to us. Many objects have survived the past and very many of us enjoy looking upon the treasures housed within museum walls. Our founders hatched a plan to create their own Treasure Haus accessible for all.

Product Description

Treasure Haus is a revivalist jewellery brand which makes historical jewellery designs accessible. Our jewellery collections are inspired by the most popular periods of history, and they both celebrate our rich shared world history, and allow us to wear and weave these past histories into our own personal stories.

Our jewellery collection is demi-fine, and therefore produced from semi-precious materials. Whilst we hand-craft our designs using ancient and traditional techniques, we then manufacture at scale to keep costs low, and therefore our prices low enough for our target customers to indulge affordably. Our pieces are sold at mid-range price points from £50 to £300 and are also available at a lower retailers price. We sell predominantly directly to our retail partners, but also directly to customers, all with an online base.

Service Description

Integrated blog, social media, events, e-commerce store beautiful simple and fuss free. We create well crafted, quality jewellery easily delivery and with free returns.

Our brand encourages you to learn the stories of the original cultures through our blogs, social media campaigns and packaging. We are committed to manufacturing locally, from responsibly recycled or Fairtrade materials, in order to limit our carbon footprint and stay true to our philosophy.

We want to be an educational brand sharing accessible histories to audiences who wouldn't usually engage with the past, and raising consumer awareness of the ethical and environmental issues within the jewellery market.

Competitive edge

- We will be the go-to destination for historical designs, encouraging a loyal customer base for our everyday wearable jewellery with a story to tell.
- We aim to establish a brand which is known for it's clear sustainable and ethical materials, and the educative luxurious online platform which gives so much more value than the designs can do alone.

Environmental statement

We strive to build a responsible jewellery brand which doesn't sacrifice people or our planet by using Fairtrade and recycled metals, encouraging a circular economy of materials. Our manufacturing is all done ethically in the UK and even our logistics and packaging is organised with sustainability in mind, keeping everything UK based.

This is so important in an industry rife with human rights concerns, ethical issues around the sale of jewels and gold, and large sustainability problems in the methods used to mine metals. We aim to help drag the industry into making Fairtrade Gold a standard.

Future Products/Services

By its nature, jewellery is a constantly changing business. As trends and styles change from year to year, and season to season, it is necessary to keep flexibility in our product lines, easy enabled as our designer works directly with the company directors.

1.3 Core Value proposition

Core Customer Segment

B2B Target Customer:

Our initial target customers are retailers within museums, galleries, and heritage sites. We will then target luxury fashion and jewellery boutiques, as well as independent lifestyle and design concept stores. These retail customers will be national and international and sell our collections on and offline.

B2C Target Customer:

Our retailer's customer, and also our direct target consumer are females aged 18-34.

They want jewellery that:

- Reflects their personality and taste.
- Marks their memories and reflects their personal stories.
- Is a treat to themselves, and is a luxury experience at an affordable price point.
- Is unique, and doesn't compromise on quality, ethics or the environment.
- Is easy and fuss free - from start to finish.

Value Proposition

Points of Parity with our Competitors

- A beautiful and exciting shopping experience from start to finish for retail and direct customers.
- Vibrant community built from seamlessly integrated social media platforms and events.
- Crafted by hand and carefully produced at scale from quality demi-fine materials, accessible price points to our target audience.

Points of Difference from our Competitors

- Treasure Haus is a revivalist fashion brand offering unique jewellery designs inspired by popular periods of history.
- A responsible jewellery brand which is sustainable and ethically aware manufacturing in the UK and using recycled or Fairtrade materials.
- Informative and educational. Our collections celebrate a rich world history and weave past cultures into our own personal stories. We put our designs into context, and encourage you to learn about their original creators.
- Engaging informative posts about products and design process, manufacturing, how Treasure Haus is aiming to be a circular economy, Fairtrade gold etc.

Key Initial Partners:

Museum and gallery retailers who stock our jewellery across the country. This will extend to boutique and online retailers as we expand.

Sales Channels:

Initially we shall focus on retail B2B clients before extending into direct to customer online sale. Please see [strategy](#).

1.4 The Market

Market Analysis

- Big money is spent on jewellery and the market continues to grow despite inflation and a confusing political-economic landscape.
- International jewellery sales of £116 billion are expected to grow to £196 billion by 2020.
- The luxury jewellery market demand is growing by 5-6% a year.
- In the UK there are 4,182 retail jewellery businesses turning over £8.5 billion per year.

Market drivers

- Since the 2008 recession, the inflation of gold has caused industry resilience and the emergence of the demi-fine jewellery market, which bridges the gap between fine and costume jewellery.
- Demi-fine jewellery is usually crafted from sterling silver or bass metal, which is then plated in gold to look like fine gold jewellery at a snip of the cost, and has accessible price tags which appeal to 18-34s.
- The demi-fine market has become increasingly more popular than fine and this industry continues to grow.
- Rising numbers of females in the workforce and their increased net worth leads to more disposable income.
- Increasing use of smartphones contributes to a growing number of social network users, which in turn leads to a more online shopping.

Target Consumer

- Women are self-purchasing up to 78% of their jewellery which has doubled since 2011.
- Millennials (1981–1999) and GenZ (mid-1990s to mid-2000) have the same market proportion as over 35s.
- These new consumers have big spending power and often spend at least £70 on each jewellery purchase.
- Our target customers are females under 35 who want to express and indulge themselves with jewellery.

Trends

- There is big demand for ethical and sustainable jewellery, especially from younger consumers.
- It's increasingly understood by consumers that precious metal and gemstone mining causes environmental damage and is often comes at the severe detriment of local populations.
- Millennials and GenZ increasingly expect brands to take more social and environmental responsibility.
- These consumers demand sustainable and ethical products and 91% of Millennials say they would invest in brands that associate with positive causes.
- Whilst conscious consumerism is an emerging trend it is set to become the industry norm.

Online opportunity

- E-commerce is an increasingly effective platform for jewellery businesses.
- £54 billion was spent online shopping in 2017.
- 40.5% of watch and jewellery customers say they prefer online shopping.

Market positioning

There is a large opportunity to start a sustainable and ethical jewellery brand in the demi-fine jewellery market, as this is an underserved but in-demand area.



Competitor Analysis

- A handful of independent jewellers, fashion brands, high street retailers, and designers, have had success with historically inspired jewellery collections.
- Antique jewellery sales are on the rise, and antiquities and modern treasures are being sold at auction and within luxury department stores such as Liberty London and Harvey Nichols.

Primary Competitors

Treasure Haus' main competitors include Alighieri, Cleopatra's Bling and Missoma.

- However, none of these brands demi-fine collections which are specifically inspired by history, and none of them are completely committed to transparency and the sustainability and ethics, which the modern conscious consumer desires.



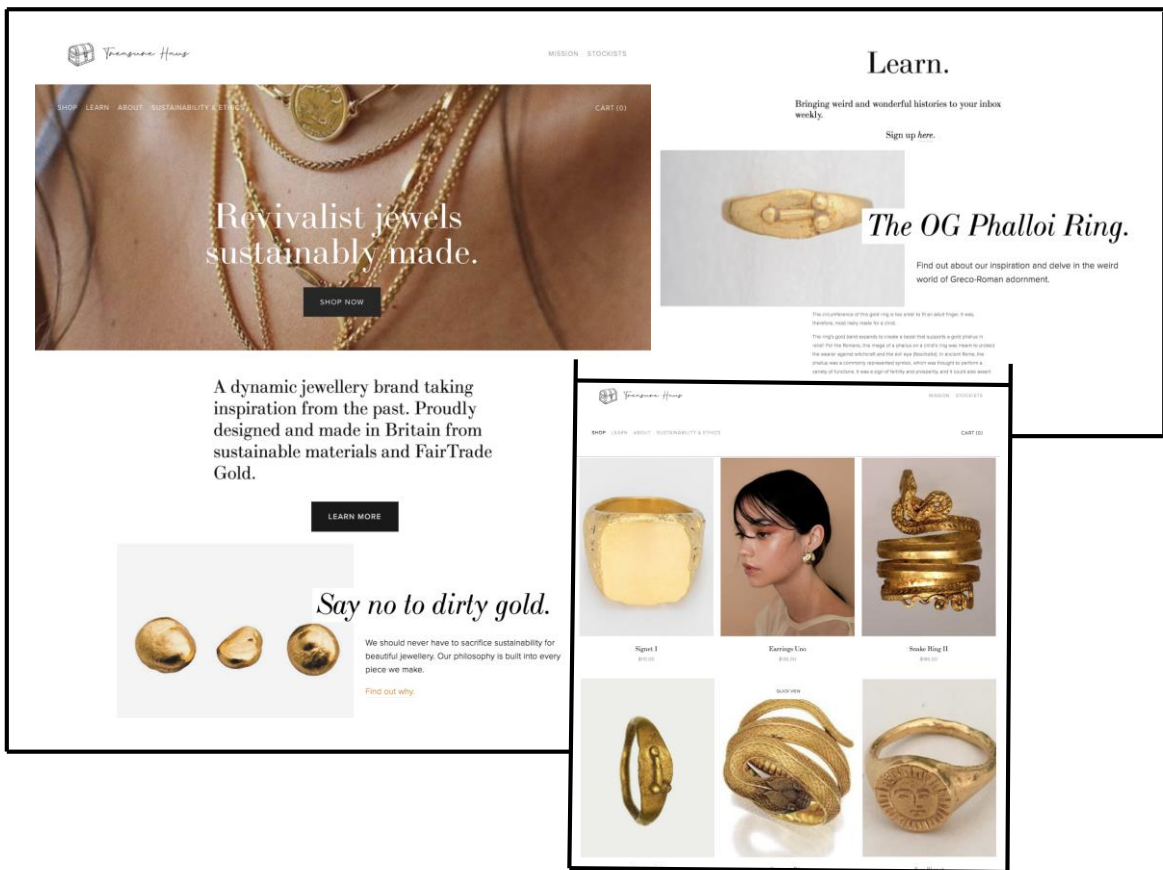
	ALIGHIERI ↑	MONICA VINADER M	MISSOMA	CLEOPATRA'S BLING
Company Information:	Name: Alighieri Ltd. Location: London, UK. Company: Launched 2014.	Name: Monica Vinader Ltd. Location: Norfolk / London, UK. Company: Founded 2002.	Name: Missoma Location: London, UK. Company: Founded 2011	Name: Cleopatra's Bling Location: Istanbul, Turkey. Company: Founded 2012
Description:	A demi-fine jewellery brand inspired by Dante Alighieri's medieval poetry. Alighieri creates sculptural jewellery from cast bronze plated in 24ct gold. Selling B2B and B2C.	A demi-fine collection which uses colour and ethically sourced gemstones. A cult brand for minimalist high quality but affordable jewellery. Large international presence and a chain of boutiques. B2B and B2C.	A demi-fine and very affordable collection with a vast social media presence, especially after collaborating with blogger and fashion influencer Lucy Williams to launch a Roman inspired collection. Sold nationally and internationally B2B and B2C.	Started in Istanbul and being made in Turkey or Italy Cleopatra's bling celebrates early periods of history and features colourful gemstones and astrological symbolism. Selling internationally B2B and B2C.
Services:	<ul style="list-style-type: none">Demi-fine jewellery.Fine 9ct gold editions.Esadrille shoes just launched.Online shop.Exclusive lines for Net-a-Porter and Matches Fashion.Alighieri Atelier launching 2019.Lion club exclusives for customers who purchase the Lioness medalion.	<ul style="list-style-type: none">Personalised jewellery.Demi fine collection and some fine options.In-store engraving.Online shop.Boutiques stores.Concessions and stockists.	<ul style="list-style-type: none">Demi-fine jewellery.Personalised pieces.Online shop	<ul style="list-style-type: none">Demi-fine jewellery.Fine gold exclusives.Ancient and medieval inspired designs.Design and travel blog.Personal Instagram use where you can follow the designers personal story and engage with the brand.Online shop.
Strengths and Weaknesses:	<p>Strengths:</p> <ul style="list-style-type: none">Has gained cult and celebrity status.Stocked at some of the best Stocked internationally at some of the best luxury retailers.Turned over £4 million in year 5.Durable materials.Small team and all produced in London locally.Unique and celebrated designs.Trend setting. <p>Weaknesses:</p> <ul style="list-style-type: none">Gold plating does come off.Arguably expensive for brass and not accessible.They could be more active and engaging on social media.Not using sustainable and ethical materials.	<p>Strengths:</p> <ul style="list-style-type: none">Large UK and international following.Successful marketing campaigns in UAE.Stocked in Selfridges, Liberty and many other luxury destinations.Free delivery and returns.2 year guarantee.Durable and quality. <p>Weaknesses:</p> <ul style="list-style-type: none">Large teamLarge expenditureMade in India.Not using entirely sustainable and ethical materials.	<p>Strengths:</p> <ul style="list-style-type: none">Huge growth.Listed no.66 in the Financial Times third annual list of Europe's fastest-growing companies.Massive social media reach.Worn by celebrities and great PR coverage.Many styles and accessible price points.Plan to 3D print crystals for future collections. <p>Weaknesses:</p> <ul style="list-style-type: none">They don't offer fine jewellery.The Roman collection lacks context and educational core.Limited ancient world designs.Less of a luxury brand and more of a midrange / premium high street brand.Not focused on sustainability and ethics.	<p>Strengths:</p> <ul style="list-style-type: none">A strong brand with an engaging blog and active social media presence.Offering demi-fine and fine jewellery collections.A strong international base of stockists.Quality materials and handmade.Unique and original designs. <p>Weaknesses:</p> <ul style="list-style-type: none">Limited collections and lines at present.Could be more educationally focused.Could be more sustainable and ethical.

Indirect Competitors

- Other jewellery retailers which will be sources of indirect competition may include demi-fine brands such as Monica Vinader, Ottoman Hands, Alex Monroe, Wald Berlin, Pamela Love, Joanne Burke, and Mondo Mondo.
- Our main competitor is Alighieri who is dominating the demi-fine market nationally and internationally. Having recently turned over £4 million in the 5th financial year of Alighieri Ltd the brand also won the new blah prize from British craft council. Still early days but major. Wholesale accounts changed the course of the business.
- The Competitor Analysis table on this page reveals the main four competitors of the brand, outlining their services and their strength and weaknesses. It's clear that success in the demi-fine market doesn't rely on the semi-precious materials used yet key partners such as retailers, collaborators and influencers have played vastly important roles for the brands Alighieri and Missoma, leading them to great financial success and quick revenue growth in recent years.

Competitive Edge

- We are novel and innovative because we offer more than just unique jewellery designs.
- We make historical designs accessible and create treasures which you can't find anywhere else – except for the museums perhaps.
- We have an educational core, and we strive to share accessible histories and teach our consumers about the human and environmental issues surrounding the jewellery industry.
- We are committed to being a sustainable and ethical brand, creating quality jewellery which doesn't compromise on the environment or human ethics.
- We will build an engaging brand community through social media platforms and with inclusive events.



Barriers and threats

- The luxury jewellery market is a luxury market and as such it is not accessible to all.
- However as the demi-fine market bridges costume jewellery (lower prices) and fine jewellery (high prices), it makes the luxury jewellery experience more accessible.
- Accessible starting price points intend to invite early adopters within our target demographic.
- We also wish to introduce exclusive fine jewellery lines made from ethical gold to attract wealthier customers and to allow our target consumers to invest and grow with the brand as their careers develop and they have more disposable income for more luxurious self-purchasing.
- It is common to have low brand loyalty to fashion and jewellery brands yet we hope that our educational core and commitment to sustainability and ethics and the fact that our designs are uniquely inspired by history will help us grow a core of loyal customers, whether retail stockists or direct customers online.



1.5 Operations

Premises

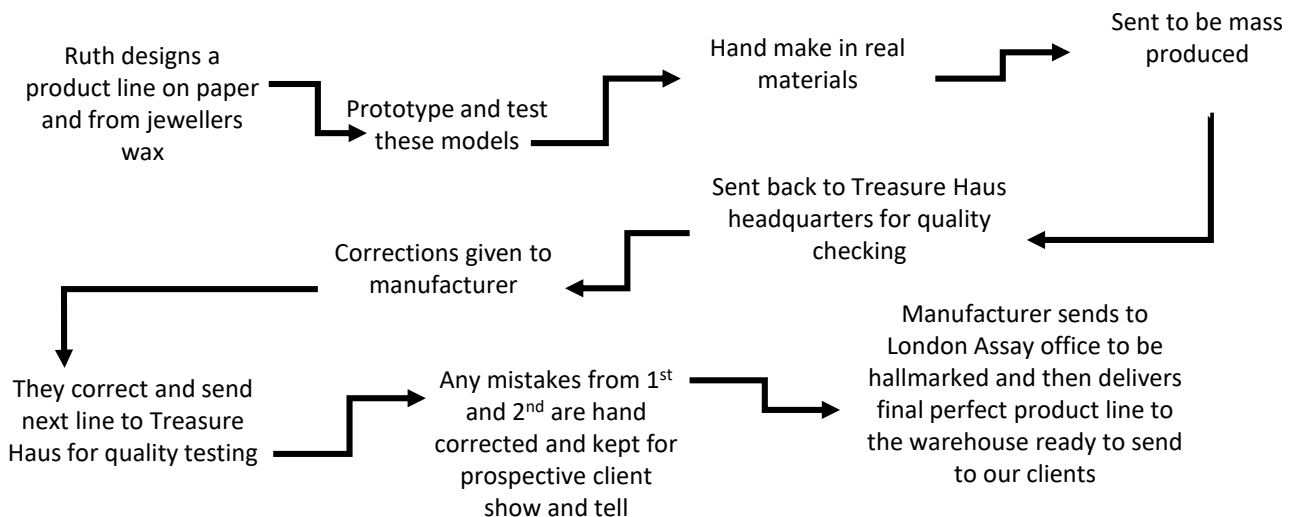
Shared design studio in Bristol with a jewellery work bench and space to draw and design on a laptop (Bristol Design Studio).

Hot desks in Bristol for Charlotte, Manufacturing consultant and Marketing Intern (Origin workspace).

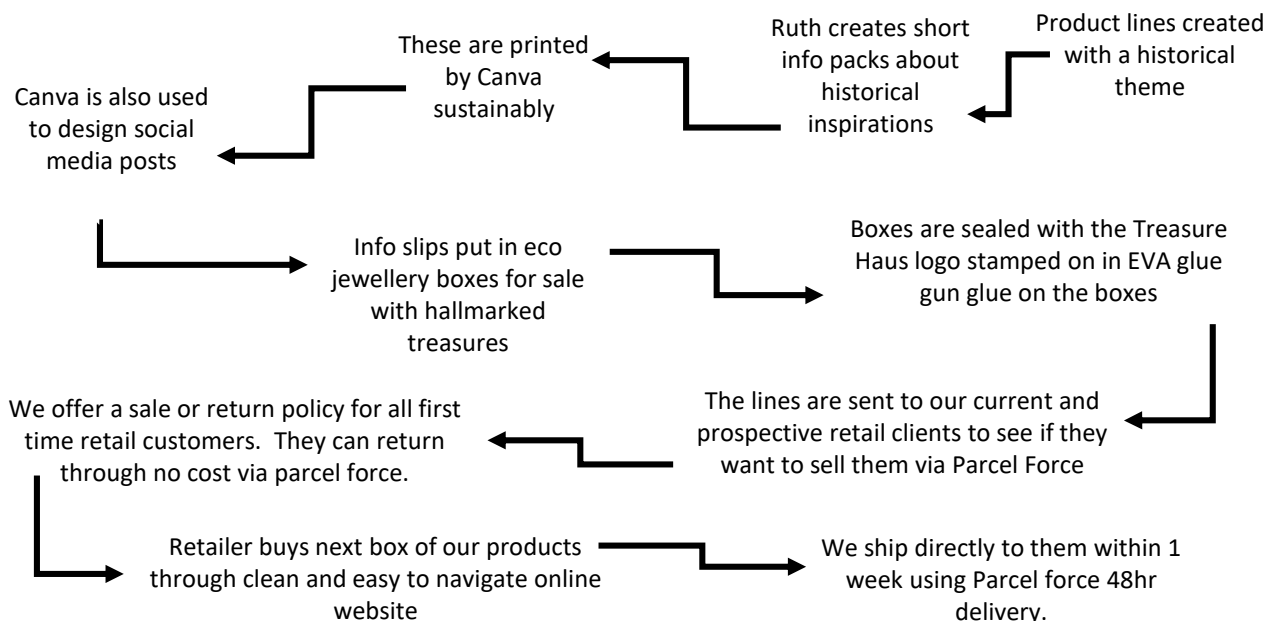
Both are locked into a monthly contract and so if expansion occurs more quickly than expected, we are not burdened with a lease we cannot release.

All manufacturing, storing and logistics are done by external parties and so we should never need more than a small office and design studio to create and distribute our creations even as we expand our full-time team to deal with the admin of running a business in our 2nd and 3rd years.

Production – Creating the designs



Production – Selling the products

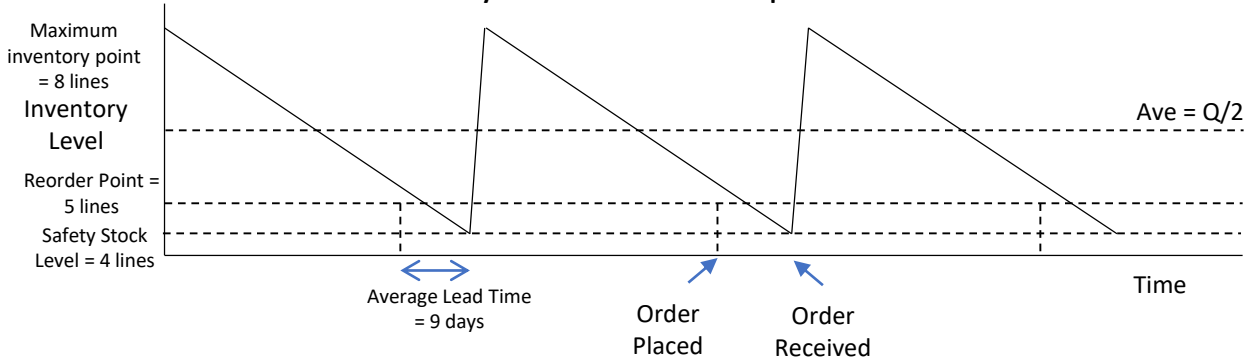




1.51 Supply-Chain and Measurement

1. Material Suppliers: Cookson Fairtrade - Precious metals, Canva eco printing – Information and care cards, Eco Craft – Packaging boxes, Amazon – Black glue gun EVA sticks.
2. Manufacture: Just Casting - UK based mass casting in brass/silver and plating in gold.
3. Quality Control: Treasure House Head of Design Ruth. (See [Production](#)).
4. Multi Model Logistics: Parcel Force - 48hour delivery UK and offer Worldwide delivery with export support.
5. Warehouse: Big Yellow Storage, Bristol Centre
6. Retail: Delivered to our retail partners by Parcel Force.
7. Reverse Logistics: Retail partners can return unwanted lines for free via Parcelforce to Big Yellow Storage.

1st 6 Month Stock Control – Jewellery line of 10 items which equals our minimum retailer order of £640



We are expanding quickly and so the stock control will need to be updated every half year to adjust sufficiently with demand. We will update The average lead time, safety stock and hence re-order point every 6 months to make sure we are always ready for demand increases and unexpected eventualities.

Treasure Haus Measurement and Control of Operations

	Strategic Objectives	Key Performance indicators	Initiatives	
			Program	Budget
Financial	Streamline cashflow	Net cashflow	N/A	N/A
	Optimise revenue and expenses	%Net profit/loss		
Customer	Maintain high levels of customer satisfaction	% clients who review positively	Hire Find a Creative Pro to streamline our branding and marketing. Hire Veale Wasbrough Vizards LLP to give legal advice to better our customer and retail partnerships.	£5000-7000
		% repeat customs		
	Increase customer profitability	£ revenue per client		£9,000 paid in monthly instalments).
		£ Cost to secure a new client		
	Build retail partner network	No. of new retail partners		
		% market share in each retail outlet		
Internal Processes	Increase in quality and speed of education production and distribution	% of client feedback that remarks on the educational aspects	Create clean, easy templates for all aspects of production and delivery.	£500 – labour costs and sign up costs for slack and google drive storage space.
		No. of social media hits	Set up team liaising on Slack (or similar) for easy sharing.	
	Improve service delivery to our clients	% deliveries to clients on time and budget	Create a business google drive	
	Improve design speed, quality and receptance	% Survey excellence scores for the design		

Results will be inputted monthly, with targets introduced after the first 6 months.

1.52 Operations Costs

Outsourcing

We will outsource 2 major areas, as well as hallmarking and stock storage previously mentioned. These are marketing advice and legal.

We shall use Find a Creative Pro at each new era of business development to help us better our brand and marketing strategy to suit our expanding market. This shall be in year 1, year 3 and year 4. They use freelancers with a variety of different experiences to target their customer's direct needs and so should be the perfect addition to help us expand our brand nationally and then world-wide.

We shall also use Veale Wasbrough Vizards LLP. They are a law firm based in Bristol who specialise in start up and small businesses and can help us secure such things as our retail contracts, employee contracts, equity splits and investment negotiations. They offer flexible monthly repayments of their services for small businesses which shall really help our cashflow stay positive in these early years.

Example Year 1

In our first year we will develop 1 product line based on the Ancient World.

Here are the projected costs of operations per annum.

This is based from our projected sales of growing from selling our minimum order amount (£640 worth of items) in our first month, to 11 minimum orders (£7040) in month 12 of year 1.

Item	Cost per annum (£)
Product production – manufacture, materials, logistics	22,750
Assay (Hallmark)	1960
Postage costs	2100
Design Labour	1724.1
Internship Labour	109.62
Charlotte Labour	0
Manufacturing expert labour	2917.2
Ruth labour	0
Design Studio space rent	2400
Office rent	9900
warehouse rent	2280
Marketing - Find a Creative pro	5000.4
Website	180
Legal	9000
Loan repayments	8881.68
Total	69021.08

For more information about how these operations are costed please see [Operations Appendix](#).

Please view the full financials [P&L](#) appendix for more information about how these costs will increase and change as the business expands over the 5 year period.



1.6 Objectives

Mission

We want to become a brand like Bill Skinner. He is stocked around the UK in museum retailers from the V&A to the Roman Bath Houses, Bath. People who buy our products should feel special when they wear or heavy gilded treasures of sumptuous golds and silvers, able to show off and express their individuality. The jewels will also act to stealthily educate people by bringing museum riches into the everyday in a similar way to comedy media productions such as Drunk History. By adorning themselves in these historically inspired pieces they gain much more than a souvenir from their visit to museums, but a piece of the past to treasure at a fraction of the cost (monetary and ethical) of original antiques. Treasure Haus' brand will bring beautiful snippets of history to the masses.

Objectives

Year 1 - we want to have established our first 10 item product line in 10-12 museum retail outlets around the UK. A fully functioning website, blog, and social media marketing platform will support our brand. A beautiful and clean cut online store for stockists to reorder will be fully established.

Year 2 – We will create another supporting product line and review and redesign items in the original line. We will aim to expand to all major, and many minor, museum and gallery shops across the UK being stocked in 25-30. From our social media stretch we will be gaining a trickle of direct online customers, although this will not feature as part of our expansion campaign – merely a by product.

Year 3 – We will expand from targeting just museums and gallery retailers where their customers already have historical interest, to high end boutiques on the UK high street and online such as Wolf and Badger and Jody's Goldsmiths, Bath. We will have created another line – making 3 in total. By the end of year 3 we will aim to be selling 750 products (75 full lines or mix and match combinations) a month across the United Kingdom through museum retailers, boutique and online retailers.

Year 4 – We aim to expand to an international audience, now an established brand at museums but also on the high street in the demi luxury jewellery market. We will do this through online retailers such as ASOS and Net-a-Porter, as well as expanding to museum shops worldwide, including the MET Museum. We anticipate a particular interest and focus in the USA, Australia and Asian markets who statistically spend the most on each jewellery purchase, and are particularly interested in European History.

Year 5 – expansion will continue to develop with the brand, and educational materials surging it forward past our competitors because of the extra value they add. We aim to be selling just over 15,000 individual products a month by the end of year 5.

These objectives will result in Treasure Haus starting to make a gross profit within the first few months, and a P&L profit by half way through year 2. Upon buying out our investors in year 5 we want to be not only a renowned jewellery designer worldwide, but more than that, known for our historical designs from a variety of eras and the amazing social media value that is given for free on Instagram, Youtube, Pinterest and Facebook.



Treasure Haus

1.7 Strategy

Competitive strategy: Differentiation

We will set ourselves apart within the demi-fine jewellery market by offering: Unique historically inspired designs that aren't available elsewhere, collections crafted from quality demi-fine materials which don't compromise on sustainability and ethics, and an educational core which puts the collections into their historical contexts, with care cards, integrated social media platforms, and an educational blog which is accessible, engaging, and fun.

Pricing strategy

We have conducted research into the different lines and price points offered by our competitors (both primary and indirect), to establish where their similarities lie, and where we want to position and differentiate our Treasure Haus brand. We have developed our own price structure to fit the current market, and as we have decided to keep our prices competitive, and differentiate ourselves by offering designs which aren't accessible elsewhere, we will sell our demi-fine collections for a premium price.

Jewellery Type	Earrings S	Earrings M	Earrings L	Ring S	Ring L	Pendant Necklace S	Pendant Necklace M	Pendant Necklace L	Bangle	Necklace chain M	Bracelet
Alghieri Bronze & 24ct Chain gold filled Missoma 22ct plate?	155-170	190-280	300-420	195-210 Same £ for sterling	280-320	120-240 With chain	280 With chain	360-450 With chain	165-250	-	165-250
Monica Vinader Vermel 18ct gold	115-150	195	55-125	79-125	69-115 With chain	110-140 With chain	160 With chain	-	150-160	325	195-250
Cleopatra's bling In euro gold plate on silver	70-80	80-95	80-150	150-220	45-65 Pendant only	80-115 Pendant only	120-150 Pendant only	150-225 Pendant only	215	-	215
Alex Monroe 22ct plate on sterling	90-120	135-180	250-300	120-135	150-210	120-135 With chain	165 With chain	250-350 With chain	165	-	150

Line 1 for year 1: Classical collection		
	Wholesale	Retail
1. Earrings small	44	110
2. Earrings medium	60	150
3. Earrings large	84	210
4. Pendant w chain	46	115
5. Pendant w chain	64	160
6. Simple small ring	44	110
7. Signet ring	68	170
8. Ring	84	210
9. Large necklace	84	210
10. Bangle	62	155
Line 2 to be introduced in year 2: Pre-Colombian		
	Wholesale	Retail
1. Earrings small	44	110
2. Earrings medium	60	150
3. Earrings large	84	210
4. Pendant / brooch	66	165
5. Pendant / brooch	66	165
6. Pendant / brooch	66	165
7. Chain adjustable?	30	75
8. Bracelet chain	84	210

Our products will be priced from £70 to £210, which sits amongst our key competitors comfortably. Our products will be produced from recycled bronze plated in ethical gold or cast eco silver meaning we can sell our collections to retailers at a snip of the retail price, allowing them to multiply our wholesale cost by 2.5% markup and charging the retail price at their end.

Each year we shall launch a new product line of ten items which total to the culminative wholesale value of £640. Retailers can either buy the whole line from us or order individual pieces from the collections to a minimum value of £640.

Sales strategy

B2B Push Strategy

Primarily we will push for B2B retailers to buy our products at wholesale and then resell them at a 2.5% mark-up to the retail value. Initially we will seek retail partnerships with museum and gallery shops in the UK, and then broader heritage sites and groups in the UK. We will then expand to retail partners internationally in museums and galleries, as these destinations have customers who are already interested in arts, culture, and history. We will then push to sell to high end boutiques on the UK high street and online. We shall then look to expand to major online fashion retailers such as ASOS and Net-a-Porter, and get our collections into major global museums such as the Metropolitan Museum of Art in New York and the Victoria and Albert Museum, renowned for their Bollinger jewellery galleries.

B2C Pull strategy then B2C Pull Strategy

Whilst we are developing our foundation of retail partners we will have established effective social media platforms and be pulling in a steady trickle of direct customers from digital marketing and onto our website to shop with us directly at retail price. When we have established our key retail partners we will then push direct customers with a digital marketing campaign across our established social media platforms.

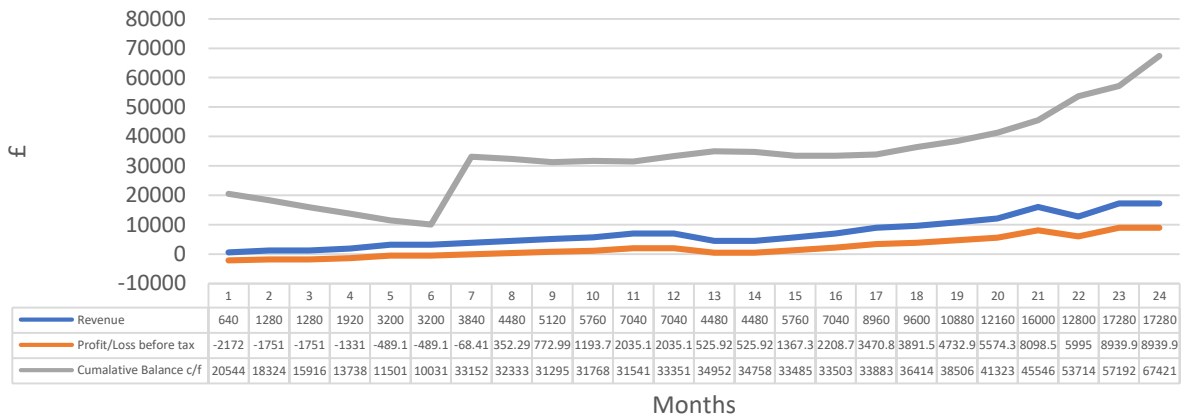
Marketing strategy:

We will use Instagram as a visual social sharing tool to engage with existing, new, and potential customers. We will use stories and posts to engage our audience and advertise new styles, events and exclusives, and to sell the additional value of the brand such as the educational elements and our ethical and environmental awareness. Our marketing campaigns will be relatively low cost as they will use products produced at cost to the business, and we will collaborate with and/or gift targeted influencers, celebrities and stylists who share our brand values and who can add value to the business.

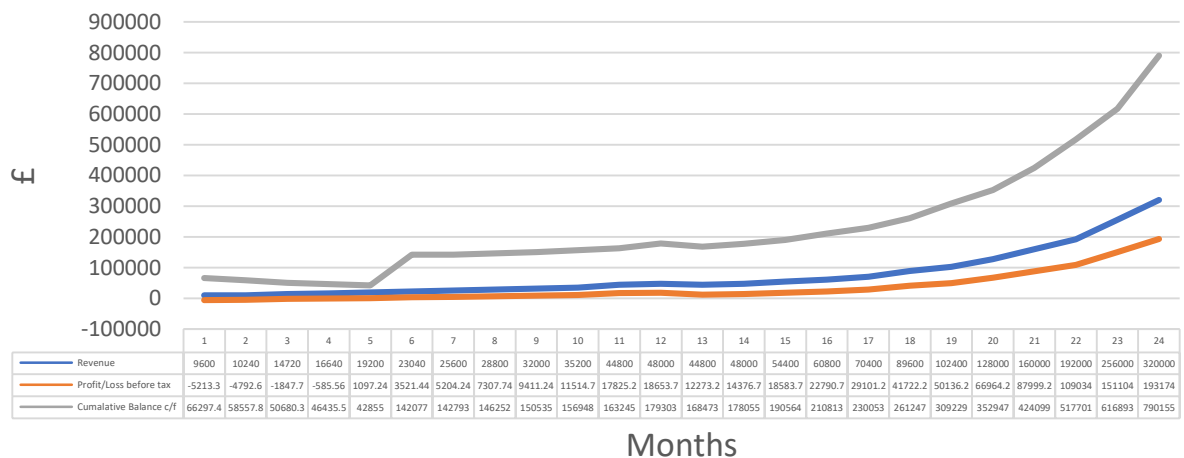


1.8 Financial Forecast

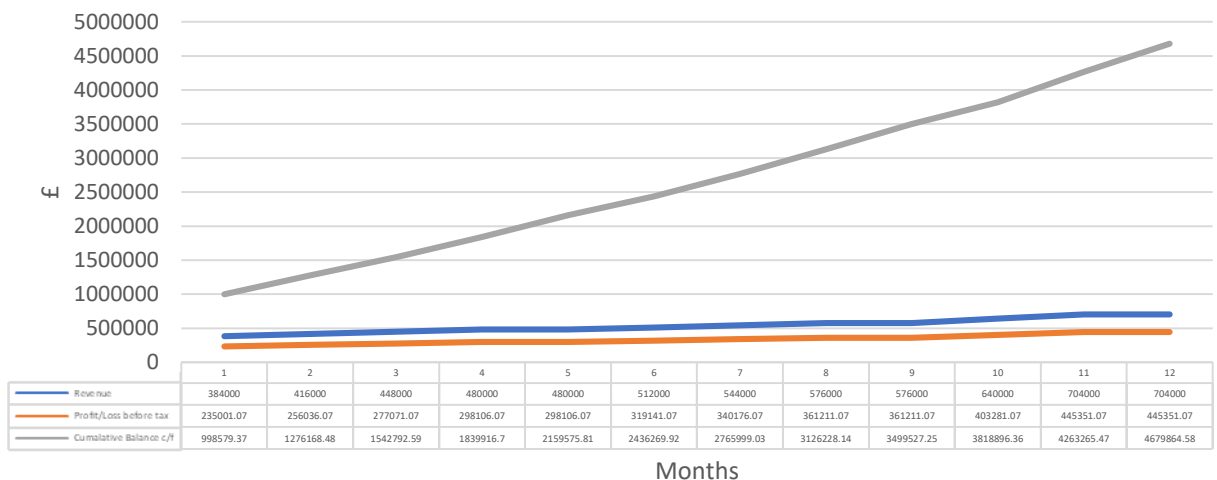
Year 1 and 2



Year 3 and 4



Year 5





1.9 Investment, valuation and exit Plan

Valuation – Profit Multiplier Method

After 3 years: £124,194 assuming a x2 multiple (as a brand based business we are likely to be able to use a x5 or higher multiple, however we have hypothesised x2 for the purpose of this business plan to show the minimum amount of net worth). Cumulative Profit from year 3 is forecast to be £62096.58.

After 5 years: £8.1 million assuming the same x2 multiple. Cumulative profit at the end of year 5 is set to be £4,040,042.84 .

Investment

Initial investment of £25,000 will come from the start up loans company at a 6% APR paid over 5 years.

A second start up loan will follow from the start-up loan company 6 months later, also of £25,000, with 6% APR interest, payable over 5 years. We are eligible for this second loan, but if they refuse because it is from the same company, then HSBC offer a £25,000 at 7.5% APR and Barclays one at 8.9%.

At the end of year 3, Treasure Haus hopes to expand dramatically from the UK market and into the international market and direct to customer online retailing. To do this an Angel investment of £100,000 will be obtained half way through year 3 ready for the international launch at the start of year 4.

We are asking for £100,000 and the investor will want a 3 x return on their equity. Our business by the end of year 5 is estimated to be worth over £8 million. This means that they should only need 5% of the business to ensure their investment. However, we would be willing to stretch to giving them 10% equity subject to negotiation.

Example Angel Investment Groups we would approach:

Jam Jar Investors

Mustard Seed

Exit Strategy

At the end of year 5 the business will have expanded so much that we will be able to buy out the investor's stake of 5% for £405,000 (more than 3x their investment) or even the 10% equity for £810,000. We would have ample cashflow at the end of year 5 to make this happen even with slowing growth.

Alternatively we may sell the business into a corporate if the founders (Ruth and Charlotte) especially want to leave the company to do other things. They may be locked into a contract with the new corporate company (such as ASOS) for a year and control would be lost, however, the business would flourish with a bigger international base and better supply chains and market power.



1.10 Risk Management

Our biggest risks are listed below. To see the full list of risks refer to the Appendix.

Impact Category	Risk Title	Timescale	Why occur	What happens if does	Probability	Severity	Risk Rating
	Poor capacity management	Short term	We expand beyond capacity of storage, office space, labour, materials etc.	We will have to scale back the number of lines we send to our customers.	4	4	21
Operational	Supply chain issues	Short term	Many elements to our supply chain and so if one element, especially manufacturing, breaks down then could put us back severely	We will have to either change suppliers/ manufacturing base or wait for supply chain to unclog. This will put our orders back severely.	4	4	21
Business Environment	Macroeconomic	Long term	Global economic downturn	Luxury goods are one of first sectors to go in an economic downturn so our retailers' sales will reduce and hence ours will.	4	5	23
Financial	Debt and Interest Rates	Mid term	Takes a while to secure a profit and so if operating with an interest rate could escalate quickly	Leave us unable to make a profit because of the increasing interest from our initial debt.	2	5	19
	Poor Financial Management	Long term	Forecasts are really inaccurate and not regularly viewed and updated	Haemorrhage money without noticing	2	5	19
	Cashflow	Long term	Selling profits with a high upfront cost with retailers often wanting sale or return rather than buying products outright	Means that we have 'sold' loads of products are expected, but we are not receiving the payment quickly enough to ensure our operations can continue to meet demand	3	5	22
	Accounting Problems	Long term	Not create the profit, loss, cashflow and budget sheets correctly	Look like doing ok when it is unrepresentative of what is actually going on and so run out of money.	2	5	19

Risk Mitigation Strategies

Risk Title	Mitigation strategy	Cost	New Probability	New Severity	Risk Rating	Do it?
Poor capacity management	While keeping an eye on the market, maintain a strong forecast of estimated new customers and holidays so don't get a rush that we can't supply for.	N/A (same wages as one above)	2	4	14	Y
Supply chain issues	Ensure we have a good rapport with our supply chain and have enough spare stock to last for a months distribution in December as a buffer.	£3993.60 (price of stock - £640- x safety stock) in our 1 st year.	1	4	10	Y
Macroeconomic	Focus on bestsellers.	No change, redistribution of current resources	4	2	12	Y
Debt and Interest Rates	Ensure take a loan with a fixed interest rate, or give away a % of the company equity in exchange for investment.	%10 equity	1	5	15	Y
Poor Financial Management	Ensure review of the books every month. Should include estimated and actual and estimated should be revised	Part of Charlotte job on current salary.	1	5	15	Y
Cashflow	Have a buffer in cashflow of £1,000 in case of cashflow error like a delay in an invoice	£1,000	1	5	15	Y
Accounting Problems	Send Charlotte on an accounting course.	£42 (BRAVE,2019)	1	5	15	Y



Treasure Haus

1.11 Management Team

Ruth



Charlotte



Ruth Bannister - Founder, Creative Director and Head of Design.

Ruth heads up the design of our treasures and our brand. She also curates our educational posts on our blogs and social media about the stories behind her Treasure Haus creations. A historian by trade and avid designer with 6+ years experience, Ruth gains inspiration for her designs from museum artefacts worldwide. She then educates our customers through the online shop, care cards within the packaging, leaflets for our stockists to display and social media campaigns.

Charlotte Ward - Managing Director, Finance Director

Charlotte runs the company, ensuring operations run smoothly. She heads up customer relations, securing new retail clients and maintaining strong communications with existing clients. Charlotte also has experience in the banking industry and running a previous start-up and so looks after Treasure Haus' accounts.

Emma Wilson - Advisor

Background in sustainability, fashion and small business management.

Angus Hills - Advisor

Background in human geography, demographic trends and training in business innovation.

Suzanne Cole - Advisor

20+ years of experience in all types of marketing from small businesses to medical devices.

Positions we want filling:

Social Media Intern

We are currently advertising for an intern through Bristol university's SME scheme. They will run Treasure Haus' social media accounts on Instagram, Pinterest, Facebook and Linked In, keeping our customers and potential clients up to date with what we are doing daily. All shifts in content (i.e. adding a new jewellery line or attending a large event are designed with Ruth and Charlotte). They will also be responsible for maintaining the aesthetic of our website, ensuring all parts of it are functioning flawlessly daily and that our social media is matching up perfectly.

Jewellery Manufacturing Expert Consultant

We are looking for an expert to advise on manufacturing each new line we create so we can get best handmade looking mass produced items in our preferred ethical and sustainable demi-fine metals. With our team's limited experience in the largescale manufacturing world, we want someone to join our team to organise the mass production of Ruth's designs in a sustainable, ethical, reliable and quick manner so that quality can be maintained without the need for hand finishing. We would ask them to start ASAP.

2.1 The Market

Market Analysis:

Market drivers and trends

Our market analysis was largely informed by an industry seminar by Jon East at the Goldsmiths Hall this month. The 4,182 UK jewellery businesses that Jon East described include Sole Traders and Limited Companies across the industry and registered with HMRC. Of the £8.5 billion they turnover per year, £5.8 billion is retail and £1.9 billion is wholesale (East, 2019). The demi-fine market research has been gained from Jon East and various secondary sources. Importantly the recession of 2008 led to a decrease in fine jewellery sales as less designers were making with gold and less people were consuming it. The jewellery industry showed its resilience by adapting and offering up demi-fine jewellery in the place of pure gold jewellery. This market emerged soon after the recession and many demi-fine brands emerged and have achieved great success in this market (East, 2019, Medium, 2018).

Target consumers:

We researched into female self-purchasing through a variety of secondary sources (Finnigan, 2019, Beckett, 2014). Information on our target market, including the younger consuming generations and their tendencies towards environmentally and social aware consumerism is from professional sources (Bishop, 2017; Dauriz; Remy; Tochtermann, 2018, Mau, 2017).

Primary Competitors:

Our core competitors are part of the demi-fine market. Alighieri emerged at a time when the demi-fine market had only just emerged to bring the gap between fine and costume jewellery (Finnigan, 2019). Mahtani noticed this opportunity in the market early on and as she couldn't find jewellery, she loved for a price she could afford (Coates, 2018). She "felt there was a gap at the £200 to £300 mark for someone like me, earning what I earn" so she made jewellery from gold-plated bronze to keep her luxury collection price-accessible (Finnigan, 2019). Three years ago, Matches Fashion became Alighieri's first big wholesale customer, changing the course of the business (Finnigan, 2019). Net-a-Porter then launched its demi-fine jewellery collection, in response to the upsurge of women self-gifting luxury jewellery, and Alighieri was soon adopted by them too (Coates, 2018). These major retail customers meant that by whilst Alighieri turned over £40,000 in their third financial year, it jumped to a whopping £490,000 by year four (Finnigan, 2019). 30-year-old Mahtani recently closed the books on year five, having turned over £3.2 million with 500% annual growth (Finnigan, 2019).





Treasure Haus

2.1 The Market

Competitive analysis strengths and weaknesses:

In completing a competitive analysis of the four primary competitors of Treasure Haus we researched into the brand stories, journeys, successes and their products and services. We put them into a table to compare pricing and luxury versus high street positioning. Alighieri came out at the top of the four as both the most expensive and the most luxurious brand, shortly followed by Monica Vinader who is stocked at luxury department stores and who has a train of her own boutiques, and then Cleopatra's Bling followed suit as a mid-range demi-fine price point yet usually stocking in smaller boutiques and jewellery stores than Monica Vinader and Alighieri (Alighieri, 2019, Monica Vinader, 2019, Cleopatra's Bling, 2019). Missoma was closer to the bottom of the grid with the most accessible price points but stocking high street outlets rather than luxury premium boutiques (Missoma, 2019).

Strategy:

We decided to use competitive differentiation strategy because as a luxury quality brand we want to deliver quality and communicate a quality service. We decided then that we want to be rested within the market price point for luxury demi-fine jewellery. We realised that as we wish to offer many new and unique features to a jewellery brand the differentiation model would suit us, and we could charge a premium market price for our additional values (Lebeaux, 2019).

	Jewellery Type	Earrings S	Earrings M	Earrings L	Ring S	Ring L	Pendant Necklace S	Pendant Necklace M	Pendant Necklace L	Bangle	Necklace chain M	Bracelet
Alighieri Bronze & 24ct Chain gold filled		155-170	190-280	300-420	195-210 Same £ for sterling	280-320	120-240 With chain	280 With chain	360-450 With chain	165-250	-	165-250
Missoma 22ct plate?		39-85	79-100	100-175	35-75	79-125	69-115 With chain	120-139	145-169	98	149-169	75-180
Monica Vinader Vermeil 18ct gold		115-150		195	55-125		110-140 With chain	160 With chain	-	150-160	325	195-250
							45-65 Pendant only	65-125 pendant only				
Cleopatra's bling In euro Gold plate on silver		70-80	80-95		80-150	150-220	80-115 Pendant only	120-150 Pendant only	150-225 Pendant only	215	-	215
Alex Monroe 22ct plate on sterling		90-120	135-180	250-300	120-135	150-210	120-135 With chain	165 With chain	250-350 With chain	165	-	150
												315 charm bracelet

Line 1 for year 1: Classical collection		
	Wholesale	Retail
1. Earrings small	44	110
2. Earrings medium	60	150
3. Earrings large	84	210
4. Pendant w chain	46	115
5. Pendant w chain	64	160
6. Simple small ring	44	110
7. Signet ring	68	170
8. Ring	84	210
9. Large necklace	84	210
10. Bangle	62	155
Line 2 to be introduced in year 2: Pre-Colombian		
	Wholesale	Retail
1. Earrings small	44	110
2. Earrings medium	60	150
3. Earrings large	84	210
4. Pendant / brooch	66	165
5. Pendant / brooch	66	165
6. Pendant / brooch	66	165
7. Chain adjustable?	30	75
8. Bracelet chain	84	210



2.2 Operations

Premises

A collaborative jewellery studio not only saves money, but artists benefit from the collaborative environment. They learn from each other, are continually inspired and can share materials reducing costs and wastage (Lennard, 2010). Furthermore, it is very rare that a desk will become available to rent that is not in a shared space (Bench Peg, 2019). In Bristol the most suitable is Bristol Creatives for £125pcm and this is the price we have used throughout our business plan (Bristol Creatives, 2019).

We will start hot desking which allows us an open environment with good facilities, able to network and build contacts throughout the office from different disciplines and learn additional skills from people while you work (Smarter Networking Hub, 2019). We would like to have our office based in Bristol near the creative studio and so have chosen Origin workspace, Berkeley Square which offers refreshment facilities, networking and conference / office space as needed which will be useful for meeting with oncoming clients. They charge £175 for a part time desk and £275pcm for a full time desk (Origin Studios, 2019). For the first 2 years we will need a part- time desk for the intern, a part-time desk for Ruth (other time spent in design studio which also has working space) and a full-time desk for Charlotte. This results in our office space costing £625pcm. This will increase to £725 pcm as we expand and take on a fulltime social media marketing professional in year 3, replacing the intern and so needing a full time desk space.

After Year 3 we will move to an office with a capacity of 5-10 people and space to store prototype design lines in time for the international expansion. This will cost about £2000pcm in Bristol (Estates gazette, 2019).

Supply chain research

Each item will have it's own packaging and care card. Assuming we meet our 700 items sold target, this will cost £200 in care card printing costs a year to buy 1000 (Canva, 2019) and £130 for 800 ivory packaging boxes made from recycled eco materials (Eco Craft, 2019). Each glue stick will seal 20 boxes and so we will need under 50 glue sticks a year which will cost under £15 (amazon UK, 2019).

Manufacturing 5 pieces in silver will cost £38.25 (assuming 5 silver items weigh 45g) and casting 5 items in brass will cost £4.50 plus VAT. It would then cost £100 to gold plate these 5 items (Just Casting, 2019). Working on the assumption of creating 10 products per line which have 5 items of silver and 5 items of gold plated brass, Fairtrade or eco material costs from Cookson gold would cost £60 for 90g, assuming that our pieces range in weight from 4g (ring) to 16g (bangle) (Cookson gold, 2019). It would cost £161.30 in manufacturing and materials per product line, and so assuming we sell 70 lines in our first year, it will cost £14,707.

The London Assay Office is the best place to get products hallmarked if needed. It costs £18 plus £1 per item (The Goldsmiths Company, 2018). Even though not all of our items need hallmarking, we will get all silver items marked to prove their material. We have assumed that we will send items to be hallmarked in packets of 10. This will cost £15 postage from Assay office to our warehouse per package (Parcel Force, 2019).

To post ready packaged products to our retail partners we will use Parcel Force who have a good eco record (Parcel Force, 2019). They charge £30 for a package of up to 1kg (Parcel Force, 2019)– 10 x the weight needed for 1 line (the weight on 4 lines as 1 packaged ring weighs 15g so a whole line will weigh about 200g), but a package dimension of 1,0.5,0.5m. Assuming that we sell lines to retailers individually, it will cost £30 postage per line posted. This incorporates the cost of lines being returned, assuming that 1 every 5 are returned.

It is assumed that to design, prototype and test a new line with materials included it will take 3 weeks for Ruth on minimum wage. Hence the sum total for the design labour is £1724,10.

An intern will be very useful in our 1st and 2nd year and Treasure Haus qualifies as an SME and therefore can take part in the SME Internship fee where we only need to provide a desk and 10% of wages. It will therefore cost us £109.62 assuming they are under 25 (University of Bristol, 2018).

Ruth and Charlotte will work for free in the first 3 years, relying on savings, family, friends and part time jobs to fund them.

In Bristol a good warehouse company in a central location near our offices is Big Yellow Storage. They offer 35 sq feet of space for £47.10 a week (Storing, 2019). As we expand in year 4 we will expand our warehouse space to 160 sq feet which will cost £3600 for the year (Storing, 2019). They offer package pick up and drop off features which is perfect to act as a stock storage and it is included in the price (Big Yellow Storage, 2019).



A marketing team from Find a Creative Pro will be used to build our brand and advise on the best marketing and PR for our company. We will employ them on a fixed contract of estimated £5000 in year 1, 3 and 4 when we are first setting up and then expanding out of just the museum retail sector, into online and boutique retailing in the UK and abroad (Find a Creative Pro, 2019).

We have already secured the domains treasurehaus.co.uk and .com. We will use Square Space to design our website for a price of £280 a year (Square Space, 2019).

Our legal advice shall come from Veale Wasbrough Vizards LLP. They offer monthly contracts and it should cost around £9000 each year (VWV, 2019).

We will take out 2 start up loans valued at £25,000 from the start up loan company. We will repay these on 5 year payment plans and so pay £482.32 each month. This will result in us paying £8699.76 over the first year for the 2 loans (Start-up Loans Company, 2019).

For more information on how these operating costs are distributed please see our P&L spreadsheet.

Stock Control Research

Lead time demand – Order materials from Cookson gold, takes 1-2 working days to be delivered to our manufacturer (Cookson Gold, 2019). Casting the items 'often' has a 24 hour turn around period, as does plating items (Just Casting, 2019). However, we will allow 2 days for both and 3 days from postage to take into account the weekend which will delay postage. This means from ordering the materials to receiving the finished items it will take 9 days (taking longest lead times for each section). This should be the lead time for any quantity of items as Just Casting specialise in individual and bulk orders. Across the 1st 6 months we estimate we sell 18 lines. This means on average we will sell 4 lines a month. The Average daily usage therefore is 0.133 lines sold per day. The average lead time demand is therefore 1.2.

Safety stock - Cover a surge in demand around Christmas, for example, or a break down in the supply process, for example Just Casting goes bust and we need to transfer manufacturing. Maximum lead time would be 14 days, and the maximum daily usage would be 0.37 lines sold a day (assuming we sell the predicted 11 lines a month in December). The maximum lead time demand is therefore 5.18. The amount of safety stock we should therefore always have in our warehouse is 3.98 lines in our first year, or 4 lines to nearest whole number.

Re-order point - Lead time demand + safety stock. This means that we should reorder stock when there are 5.2 lines left in our warehouse, 5 to nearest whole number.

Inventory level - safety stock + average lines sold a month = 4 + 4 = 8 lines. This is more than our estimated maximum sales in month 6.

I have used Lead Delivery methodology to calculate these (Trade Gecko, 2019).

We shall recalculate these levels every 6 months to keep up with demand, and the new safety stock level shall be bought into our warehouse every 6 months. This has been incorporated into our finances.



2.3 Finances

Profit and Loss Yearly Summary

Time	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue from line sales	44800	126720	307840	1526400	6464000
Custom made items	0	0	0	0	0
Total Sales	44800	126720	307840	1526400	6464000
	0	0	0	0	0
Number of line sales	70	198	481	2385	10100
	0	0	0	0	0
Cost of sales	0	0	0	0	0
Cost of making £640 worth of products	11291	31937.4	77585.3	384700.5	1629130
Assay (Hallmark)	1960	5544	13468	66780	282800
Postage costs	2100	5940	14430	71550	303000
Design Labour	1724.1	1724.1	1724.1	1724.1	1724.1
Internship Labour	109.62	109.62	109.62	109.62	109.62
Charlotte Labour	0	0	20004	20004	20004
Manufacturing expert labour	2917.2	5834.04	8751	11668.08	14585.04
Full time employee	0	0	20004	20004	20004
Full time employee	0	0	0	20004	20004
Full time employee	0	0	0	20004	20004
Full time employee	0	0	20004	20004	20004
Full time employee	0	0	20004	20004	20004
Ruth labour	0	0	20004	20004	20004
Total cost of sales	20101.92	51089.16	216088.02	676560.3	2371376.76
Gross profit	24698.08	75630.84	91751.98	849839.7	4092623.24
	0	0	0	0	0
Overheads	0	0	0	0	0
Design Studio space rent	2400	2400	2400	2400	2400
Office rent	7500	7500	9475	24000	24000
warehouse rent	2280	2280	3600	12000	12000
Marketing - Find a Creative pro	5000.4	0	5000.4	5000.4	5000.4
Website	180	180	180	180	180
Legal	9000	9000	9000	9000	9000
Loan repayments	8881.68	11963.52	11963.52	11963.52	11963.52
Total Overheads	26360.4	21360	29655.4	52580.4	52580.4
Total costs of sales and overheads	46462.32	72449.16	245743.42	729140.7	2423957.16
Investment	25000	0	100000	0	0
Profit/Loss before tax	-1662.32	54270.84	62096.58	797259.3	4040042.84



Cash-flow Yearly Summary

YEARLY SUMMARY	Year 1	year 2	year 3	year 4	year 5
Income					
Sales or return	3200	3840	5120	10880	0
Stop doing sale or return in 3rd year	0	0	0	211200	448000
Pay outright	37760	116480	277120	1254400	6080000
Total Income	40960	120320	282240	1476480	6528000
Expenditure					
Direct Costs					
Products	14709.4	39318.4	103884.3	576004.5	1814480
Postage	2100	5940	14430	71550	303000
Labour	4750.92	7667.76	110604.7	153529.8	156446.8
Overheads					
Overheads					
Design Studio space rent	2400	2400	2400	2400	2400
Office rent	7500	7500	9475	24000	24000
warehouse rent	2280	2280	3600	12000	12000
Marketing - Find a Creative pro	5000.4	0	5000.4	5000.4	5000.4
Website	180	180	0	180	0
Legal	9000	9000	9000	9000	9000
Loan Repayments	8881.68	11963.52	11963.52	11963.52	11963.52
Total Expenditure	56802.4	86249.68	270357.9	865628.2	2338291
Balance b/f					
Income	40960	120320	282240	1476480	6528000
Investment	25000	0	100000	0	-300000
Expenditure	56802.4	86249.68	270357.9	865628.2	2338291
Balance c/f	9157.6	34070.32	111882.1	610851.8	3889709
Cumalative Balance c/f	33351.1	67421.42	179303.5	790155.3	4679865

To see full annotated analysis which includes the points where we add more staff, changed our office space and gained our investments etc. please see this view only link:

<https://1drv.ms/x/s!AkAjKhv4R3ClgaJXIOOCCkKpcjK>

If you wish to play around with our financial forecast please use this editable link:

<https://1drv.ms/x/s!AkAjKhv4R3ClgaURQsyPagqRekXy>



Investment

We have decided to bootstrap the company for the first 3 years, keeping operating costs to a minimum by hiring interns, freelancers and consultants to work in their specialist fields only when we need them, and leave most of the running of the company to the founders (Ruth and Charlotte) who will work for nothing relying on savings and help from friends and family to live.

Treasure Haus needs a lot of upfront cash to start up as it relies heavily on products which we have to purchase and manufacture. The easiest way to guarantee a loan in this market is to get a start-up loan backed by the government. With the correct financial forecast and plan which will pass their due diligence we would be able to secure their maximum £25,000 loan on a repayment plan of 5 years. They have a relatively low fixed interest rate of 6% APR which will fit our financial forecast perfectly (Start Up Loan Company, 2019). We would prefer to go with the start-up loan company as well because they are connected to the Prince's Trust who we are already mentored by and so Treasure Haus has a greater chance of obtaining the loan from them (Prince's Trust, 2019).

We will then apply for a second start up loan from them for which we are also eligible, assuming we have traded for 6 months at point of application and have a fully up to date repayment history which has been built into our financials plan (Start-up Loans Company, 2019). If for whatever reason the start-up loan company's terms and conditions channel for second loans then HSBC and Barclay's offer suitable alternative loans of up to £25,000 which we are also eligible for at 7.4% APR (HSBC, 2019) and 8.9% APR respectively (Barclays, 2019). There will need to be no change to our investment amounts and times if we have an 8.9%APR repayment plan instead of 6% and all of our financials P&L and Cashflow have been assessed assuming we have to pay 8.9%APR.

Angel investors will be approached at the beginning of year 3 in preparation for our launch nationwide in boutiques and international to museums worldwide and online boutiques. The three angel investment groups we aim to gain funding from are Jam Jar Investors, or Mustard Seed.

Jam Jar Investments – Have faith in the team that are going to carry this forward. Have a proven track record that the people love the concept and is something they can be proud of (Jam Jar Investments, 2019).

Mustard seed – Have an interested in sustainable and ethical retail (Mustard Seed, 2019).

Exit Strategy

Our main aim is to buy out the investors stake in the business in year 5 or 6. Assuming they had taken a stake of 10%, this is likely to be worth £810,000 and by the end of year 5 we are forecast to be making a profit of double that each month and have a cumulative cashflow of over £4 million in the company coffers. We should therefore be able to buy them outright.

However, if Ruth and Charlotte decide they want to leave the company as well after year 5 or 6, then the best course of action would be to sell it to a corporate. Ruth and Charlotte would still make up the core of the management team and so there could not be a management team buy out, and one member would be unable to buy out the other because they would have been working on no wages for a number of years and so could not afford the 50% equity. Therefore, the best decision would be to sell to a large corporate such as ASOS who could make it into their own brand branch for demi-fine luxury jewellery.



2.4 Risk Management

Impact Category	Risk Title	Timescale	Why occur	What happens if does	Probability	Severity	Risk Rating
Strategic/ Market	Demand shortfall	Short term	We don't get into a museum retailer collective (e.g. national trust).	Our sales will not increase as quickly as forecast	3	3	13
	Sector Downturn	Mid term	Economic downturn making people not buy luxury goods.	Our sales will not increase as quickly as forecast	2	4	14
	Customer Retention	Mid term	Bad customer service or a change to museum retailers strategy.	We spend more resources on good customer care and expand into mainstream boutiques rather than historically focused.	2	4	14
	Pricing Pressure	Mid term	The luxury jewellery industry reduces the price of demi fine jewellery dramatically	We will have to convince our retail partners that the additional brand and education value means that our products should remain highly priced.	4	3	17
Operational	Poor capacity management	Short term	We expand beyond capacity of storage, office space, labour, materials etc.	We will have to scale back the number of lines we send to our customers.	4	4	21
	Supply chain issues	Short term	Many elements to our supply chain and so if one element, especially manufacturing, breaks down then could put us back severely	We will have to either change suppliers/ manufacturing base or wait for supply chain to unclog. This will put our orders back severely.	4	4	21
	Commodity prices	Mid term	If there is an economic downturn, war etc precious metal prices increase	This will make our products more expensive to produce and we will be locked into contracts meaning we can't increase line prices until the next line is produced.	3	3	13
Business Environment	Macroeconomic	Long term	Global economic downturn	Luxury goods are one of first sectors to go in an economic downturn so our retailers' sales will reduce and hence ours will.	4	5	23
	Political Issues	Mis to long term	Political change to which materials count as Fairtrade due to changes in government structures which are currently Fairtrade areas.	The cost of our materials will increase, and so our production costs will increase.	2	2	5
	Natural Disaster	Long term	A natural disaster could decrease the number of mines that are operational	This will also increase our material costs and hence production costs.	1	2	2
Financial	Debt and Interest Rates	Mid term	Takes a while to secure a profit and so if operating with an interest rate could escalate quickly	Leave us unable to make a profit because of the increasing interest from our initial debt.	2	5	19
	Poor Financial Management	Long term	Forecasts are really inaccurate and not regularly viewed and updated	Haemorrhage money without noticing	2	5	19
	Cashflow	Long term	Selling profits with a high upfront cost with retailers often wanting sale or return rather than buying products outright	Means that we have 'sold' loads of products are expected, but we are not receiving the payment quickly enough to ensure our operations can continue to meet demand	3	5	22
	Accounting Problems	Long term	Not create the profit, loss, cashflow and budget sheets correctly	Look like doing ok when it is unrepresentative of what is actually going on and so run out of money.	2	5	19

Risk Title	Mitigation strategy	Cost	New Probability	New Severity	Risk Rating	Do it?
Demand shortfall	Have a main strategy to target museum retailers but have a strong back site to launch if need to target boutiques and direct customers	£3000 a year	1	3	6	Y
Sector Downturn	Ready to move into costume or fine jewellery instead of demi fine with a quick change of materials	Time of 3 months	2	2	5	N
Customer Retention	Put major focus on customer relations and listening to what the customer wants from us	£500 a quarter – extra wages	2	2	5	Y
Pricing Pressure	Have a good eye on how the market is moving pricing wise with our competitors and adapt our operations strategy within this. More emphasis in our marketing in the additional educational value offering our customers – our main differentiation point.	£500 a quarter – extra wages	2	3	9	Y
Poor capacity management	While keeping an eye on the market, maintain a strong forecast of estimated new customers and holidays so don't get a rush that we can't supply for.	N/A (same wages as one above)	2	4	14	Y
Supply chain issues	Ensure we have a good rapport with our supply chain and have enough spare stock to last for a months distribution in December as a buffer.	£3993.60 (price of stock -£640- x safety stock) in our 1 st year.	1	4	10	Y
Commodity prices	Be ready to create a new line out of antique materials which are more readily available.	£1700 (cost to design a new line)	3	2	8	Y
Macroeconomic	Focus on bestsellers.	No change, redistribution of current resources	4	2	12	Y
Political issues	Focus on a new antique line that does not need the raw materials affected by the political climate.	£1700 (cost to design a new line)	1	2	3	N
Natural Disaster	N/A	N/A	1	2	2	N
Debt and Interest Rates	Ensure take a loan with a fixed interest rate, or give away a % of the company equity in exchange for investment.	%10 equity	1	5	15	Y
Poor Financial Management	Ensure review of the books every month. Should include estimated and actual and estimated should be revised	Part of Charlotte job on current salary.	1	5	15	Y
Cashflow	Have a buffer in cashflow of £1,000 in case of cashflow error like a delay in an invoice	£1,000	1	5	15	Y
Accounting Problems	Send Charlotte on an accounting course.	£42 (BRAVE,2019)	1	5	15	Y



Methodologies

Value Proposition:

We used the value proposition method because it really allows you to work from the customer rather than forcing the customer to do what you want them to do. The full initial value proposition can be viewed here: <https://1drv.ms/w/s!AkAjKhv4R3ClqgcPNpWUJV699moc> (Osterwalder, 2018) (VAN DER PIJL, 2019). We worked in tandem with other value exercises such as persona creation and The Elements of Value Pyramid to fully develop this into the core value proposition displayed in this plan.

Business Model Canvas:

We used the business model canvas to highlight the areas that we needed to look at while building our business. It is succinct and allowed us to view the business quickly as a whole which meant that the whole team always remained on the same page which is vital when creating a business. The result is that our whole business plan has developed from the same core summary model (BMI, 2019).

Market sizing method

We used secondary research to do a top down market sizing method. This was developed by looking at jewellery business plans which look at the jewellery market as a whole and then situate themselves within that. We used spending data, which was research data, that is yet unpublished, and has been carried out on behalf of the Goldsmith's Hall. A free Assay members talk gave us credible figures and statistics for an overview of the current international and UK jewellery markets. (East, 2019, Medium, 2017)

Operations Methods

In order to understand the operations we used a journey mapping methodology. This meant that we could really walk through the stages that we needed to have for production. We also did a test run with some example first product lines. This meant that we understood ourselves the areas where there could be pitfalls and delays and could work out an accurate Lead Time Demand. By buying the materials we plan from Cookson gold, and testing casting the objects with Just Casting, we could ensure that our operations model was feasible in a way that just isn't possible with story boarding.

However, story boarding was vital for the first stages where it was hard to visualise all aspects of the operations process. By doing this we understood more about our manufacturer, and realised that we did not need an on site manufacturing expert at all times because the manufacture themselves did a lot of the jobs we assumed they would do. By creating the story boards and journey maps, assumptions like these fell away and others such as needing a warehouse that offered logistics were confirmed. (Holliday, 2018) (Smapley, 2019)

Strategies methods

The competitive differentiation method was used as a strategic positioning tactic and it was chosen as a method of articulating to consumers the benefits of our products and services within the Treasure Haus brand. This strategy is clear and as a positioning tactic it makes sense for us to compete with our primary and indirect competitors. This method allowed us to scrutinise competitor pricing, and their products, to work out our differences and additional elements of value, and then decide on prices which reflect the luxury and unique quality of the Treasure Haus brand (Lebeaux, 2019).



Valuation

A profit multiplier method was used using a 2x multiplier as standard. Although if the brand grew as anticipated we should be able to use 6x multiplier +, we remained with the 2 x multiplier to show the minimum we would expect our company to be worth. We Decided to include a valuation in year 3 and year 5 to show the growth of the company, before angel investment and after angel investment so that our investors could see how much their investment will push us to grow.

We did not use a competitors analysis valuation method because there have not been any jewellery brands of the same scale sold. Jewellery businesses that are often sold are usually small scale local affairs which would not give an accurate representation of our growth. The closest we had was Bill Skinner which was valued at £1 million in 2014, but since then the jewellery industry has grown so much, that will not be representative of the jewellery industry now.

We therefore decided to work out our projected profits and use the profit multiplier method bearing in mind the pitfalls that Durden mentions (Durden, 2019).

Exit Strategy

As the management team remained small we could not rely on a management team buy out, and equally as the wages for the 2 founders remain low and we envision splitting business equity equally, neither could buy out the other successfully.

We therefore used the founder-fit canvas to establish that our values mean that both Ruth and Charlotte are likely to want to remain with the business after 5 years. We would want to buy out our investor though as they will likely want a return after 3 years. By calculating how much their predicted equity of 5-10% would be worth in year 5, and establishing the cumulative cashflow, it became apparent that an investor buy out would be the best option.

However, if one or both of the founders did want to leave then this would be more tricky. They would want to sell their large proportion of the business. This would result in the company having to be sold as a whole and hence we hypothesise that a large multi national company would need to purchase as it would be worth over £8 million. As online retailers expand creating their own brands, they may want to have a ready set up company to rebrand as their own. We would therefore, envision selling to a large online retailer like Net-A-Porter.

Alternatively if one of the founders did want to remain and the other didn't mind keeping their equity in the business, then the business could continue operating the same, buying out the investor. The leaving founder would retain an investment in the company, while a manager would be employed to perform their work.

Balanced Score card

Initially a balanced scorecard method is more useful as it sets targets and goals that are not just quantitative facing, but also qualitative. In the first few months and years this will be extremely helpful in showing the areas that the business is excelling and where it is lagging. By setting them up as an agile monthly scoring system, we can ensure that Treasure Haus is continually evolving to best serve out customers and therefore create the most profit. The BSC is better at really defining the targets and what we want to achieve, while displaying the relationships and overlap between the objectives. However, the OKR is better because it is assessed more regularly, looks at the company from all angles and encourages people to think bigger, as the goals set do not have to be achieved as they do with the balanced scorecard (Bernard Marr, 2019).

In later years this method could be implemented along with OKRs to create an even quicker response rate to issues within the company. (Schneider, 2018).



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