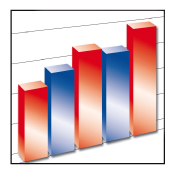
**Business Plan**

2016-2018

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**Purpose:**

*A description of the benefits and the capabilities that are delivered to the client base*



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**Introduction**

**Our Vision for the Future**

**Our Goals**

Traditionally there have been two core income streams, the ideal ratio between them being:

* Pre-Construction – 30% (lower value, lower margin, higher volume)
* Construction management – 70% (higher value, higher margin, lower volume)

However, a third income stream is developing and will add value and income over the medium term; that of Project Management & Employer’s Agent role.

|  |  |  |  |
| --- | --- | --- | --- |
| **Targets** | **20xx** | **20xx** | **20xx** |
| Sales – construction management (£m) |  |  |  |
| Sales – pre construction (£m) |  |  |  |
| Sales – project management (£m) |  |  |  |
| Total Sales |  |  |  |
|  |  |  |  |
| Overhead (£m) |  |  |  |
|  |  |  |  |
| Total Gross Profit |  |  |  |
|  |  |  |  |
| Cash at bank or in hand |  |  |  |
| Overhead (% sales) |  |  |  |
|  |  |  |  |
| No live customers |  |  |  |

These figures are based on a secured pipeline plus a forecast of which projects may be secured during the years ahead. It is especially difficult to predict what commissions may be available to us with respect to our pre-construction offering, as these commissions are generally immediate and short term. We have therefore taken a balanced view of what are the likely sales figures based on previous experience.

In all categories, we have secured sales of £XXXm for 2016, £XXXm for 2017 and £XXXm for 2018. The total sales for 2018 is lower than the previous year purely because it is very difficult to see what client’s will require of us in three years time and we have only include for projects that are known to us at this stage.

In previous years we have had sales of £YYYm in 2015 (forecast), £YYYm in 2014, £YYYm in 2013 and £YYYm in 2012, our first year of trading.

In addition to the financial goals noted above, the following are our operational targets:

* Project profitability – target that every project achieves the margin defined at tender/appointment stage.
* Repeat business – target between 60-70% of our business coming from clients with whom we have worked previously.
* Supply chain performance – target that every member of our supply chain performs in accordance with each project’s requirements, completes their works on time and to the quality specified and achieves their financial objectives.
* Considerate Constructors Scheme – target that all of our projects that are registered with the Scheme achive a score of “Excellent” or above.
* Client Satisfaction – target that every project undertakes a client satisfaction survey at completion and that there are no advserve comments.
* Health & Safety – target that there are no major accidents/incidents on any of our projects or prohibition or improvement notices served.

**Review of 2015**

This was a year of spectacular growth for ??????, not only in terms of revenue, but also of employees, which rose from circa 12 at the beginning of the year to almost 30 at the close of the year.

The main focus of our attention has been to convert construction management opportunities into real appointments and in which we have been successful, securing …...

As a consequence of this increase in construction management appointments, we have recruited hand picked personnel to deliver these projects.

**Sales Analysis**

The sales analysis is managed using the pipeline tracker, which categorises the types of projects, the likelihood of securing particular projects and the timing of those projects.

The pipeline tracker is updated with new information and discussed on a monthly basis by the directors.

A copy of the latest pipeline tracker is included at Appendix A.

**Market & Competitor Analysis**

Our market is predominantly in the London area and for client’s whose projects are complex and where we consider that we can add real value to their schemes. It is often the case that these projects could not be procured under traditional forms of contract because of their nature or the timing of the projects and that’s where our offering can be of benefit to clients.

We do not carry out any lump sum work under traditional procurement arrangements.

We are currently undertaking commissions for clients in the retail, hospitality, culture, education and residential sectors but would consider opportunities in any of the other sectors apart from infrastructure, civil engineering and nuclear.

Our competitors are different for each of our service offerings and can be summarised as follows:

Construction Management

Whilst there is a number of companies that undertake a construction management role in London there are very few that will consider projects in the value range £10m to £100m, because the fee associated with this type of procurement does not adequately cover the overheads of larger companies. ????? is one of a handful of companies that trade in this value range and therefor competition is quite limited.

Pre-Construction Advice

We do not believe that there are any other companies with a construction contracting background, that offer the same pre-construction service that we do. The larger project management companies profess to offer this service but do not have the calibre of personnel that we do. We seem therefore to be the pre-construction advisor of choice for a number of high profile clients and consultants.

Project Management

There are a large number of client side project managers in the market place and for that reason, we do not openly compete for this role, especially for publically funded schemes where the emphasis is on price rather than quality of output. We will perform this role for selected clients, where we consider that we can add value.

**Sector Analysis**

Our principle focus is on the retail, hospitality, culture, education and residential sectors and actively seek opportunities in these sectors. Increasingly, there is a shift towards new commercial developments and we are well placed to operate in this sector.

**Customers**

Our customers are often without construction knowledge or with limited construction resources, which allows us to become an integral part of their organisation and operate on their behalf.

We have an ability to be able to attract the key trade contractor’s to schemes because of our history and reputation with them. This is another key factor when clients consider appointing ?????.

Our current clients are diverse in their nature and include:

* ???
* ???
* ???
* ???

We seek long-term relationships with our clients and to build upon each good piece of work that we perform.

**Looking Forward: The Market**

It is unlikely that the market for ????? will change much over the next three years, although with a resurgence of the commercial office market, there will undoubtedly be opportunities in that sector.

The outlook for the next 3 years in the construction market is optimistic based upon the Construction Products Association’s forecasts for construction output. The CPA has recently revised its forecasts to show output increasing by 3.6% in 2016, by 4.1% in 2017 and 4.2% in 2018.

By sector, private housing is expected to see steady growth of 5% per annum over the next 2 years, contrasting limited growth in public sector housing. Commercial office output remains strong with 7% increases in output in both 2016 and 2017, but is weaker in 2018. Infrastructure remains the solid sector underpinning demand with our 10% growth in 2016 and 15% projected for 2017.

Demand within Central London’s core markets remains strong although market feedback suggests that appetite for commercial offices is stronger than residential.

The referendum for the UK to remain or leave the European Union is dividing opinions and creating some uncertainty. The impact of leaving is not clear and it is difficult to predict the outcome. Uncertainty will prevail in the short-term and a “leave” result could cause a pause to economic growth with many client businesses preferring to wait the outcome of the referendum rather than pressing on with investment decisions.

**Marketing**

We undertake very little marketing at present and have not needed to do so, because we are regularly recommended by other clients or consultants and have a very good network of contacts based upon our many years in the industry.

We invite clients and consultants to specific social and sporting events and have recently appointed and external press agent to raise further our profile in trade publications.

In the future, our plans include updating and maintaining our website, specific press releases, marketing brochures for construction management and pre-construction.

**Operations**

Operations are lead by AA and supported by BB on the commercial and contractual aspects of the business, as the directors and owners of ?????.

We have a number of senior personnel, who have responsibilities for either specific projects or a portfolio of projects and report directly to the directors.

Operations are governed by a set of rules and protocols, which are reviewed on a monthly basis by the directors and with the personnel responsible for the specific projects.

**People**

Company policy has always been to selectively recruit for good people. CV’s of all staff are retained separately so as they can be submitted as part of the tender documentation at the point of a bid.

It is also company policy to resource around the work available; if larger projects become available and the timelines are sufficient, the work will be bid for and the resource recruited.

People we might to recruit over the next few years include:

* Project Managers
* Commercial Managers
* Design Managers
* Building Services Managers
* Construction Managers
* Document Controllers
* Administration

**Company Represenatives**

* Accountants
* Banker
* Legal Advisor

**Actions (a small selection of anticipated actions)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Action | Responsibility | Target date |
| 1 | Publish annual accounts for YE 2015 | AW/JD |  |
| 2 | Refine pipeline tracker on a monthly basis to forecast more accurately the financial position of the company | AW |  |
| 3 | Prepare marketing material to issue to prospective clients | JD/AW/CR |  |
| 4 | Arrange for press articles to be placed in trade magazines | JD/CR |  |
| 5 | Consider & plan an enhanced organisation structure for the future | JD/AW |  |
| 6 | Continue to identify & contact talent in the market place | JD/AW |  |
| 7 | Develop & build long terms relationships with new clients such as ???? | JD/AW |  |
| 8 | Up skill out staff in IT technology, especially BIM | JD/IT Manager |  |
| 9 | Continue with staff training & ensure they are aware of their legal, H&S & environmental responsibilities | JD/AW |  |
| 10 | Implement an integrated management system and obtain ISO 9001, 14001 & 18001 certification | JD/AW |  |
| 11 | Obtain CHAS certification | JD/AW |  |
| 12 | Update and maintain ????? website | JD/AW/IT Manager |  |
| 13 | Implement a proprietary accounting system | AW |  |
| 14 | Establish a graduate recruiting system such as the Knowledge Transfer Partnership including part funding | JD/AW |  |

The above actions are to be monitored as apart of the quarterly management system meeting.

**Risks**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Threat | Risk Level  (HML) | Possible counter action |
| Political | UK exits European Union | M | Target UK clients who will not necessarily be affected should the UK exit. |
| Economic | Spending cuts & rise interest rates | H | Steer away from publically funded projects & focus on larger investors who can more comfortably ride an increase in interest rates. |
| Sociological / cultural | Acute skills shortage | M | Maintain continual dialogue with known personnel & bring into the business when possible. |
| Technological | Technological advances outstrip ????? capabilities | H | Our new IT Manager is to investigate & prepare us for the future & in particular with BIM. |
| Environmental | Environmental incident on one of our projects | L | Continue training with staff & investigate what is covered by insurance. |
| Legal | Claim or legal action by client | L | Continue training with staff & if necessary, director intervention. |
| Competition | New entrants emerge in the same fields of business as ????? | L | Maintain existing client base, perform to the best of our ability & maintain competitive fees. |

**APPENDIX A – PIPELINE TRACKER**