

DIMENSION



School: Fortrose Academy

Link Teacher: Margaret Rhynas

Adviser: Roddy Dyce, HIE

Adviser: Angus Morrison, HBOS

**Country:
Young Enterprise United Kingdom**

Year of Operation: 2007/2008



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Executive Summary

The Company formed in early September 2007, made up of eleven 6th year pupils. Since then we have gone through the stages that any new business or team does, from forming, storming, norming to currently, performing.

The name '**Dimension**' comes from the title of a song that the group had heard, which we thought was snappy, catchy and also business like.

The Logo/Brand

The logo, designed by Creative Director Alana MacPherson, has grown from an icon associated with our company to the successful brand 'Harry'. All our products, merchandise and company T-shirts carry the brand and this allows the company to communicate our image effectively to our target market.



Products

Two products have been developed to encourage healthy eating in young children: a 5-a-day fridge magnet and a healthy eating story/activity booklet. These products have sold successfully as individual items or together as a pack with free stickers.

Mission Statement & Aim

["To create a fun and entertaining way to promote healthy eating to young children as a commercial business" or as we like to say: "put the fun into 5-a-day"](#).

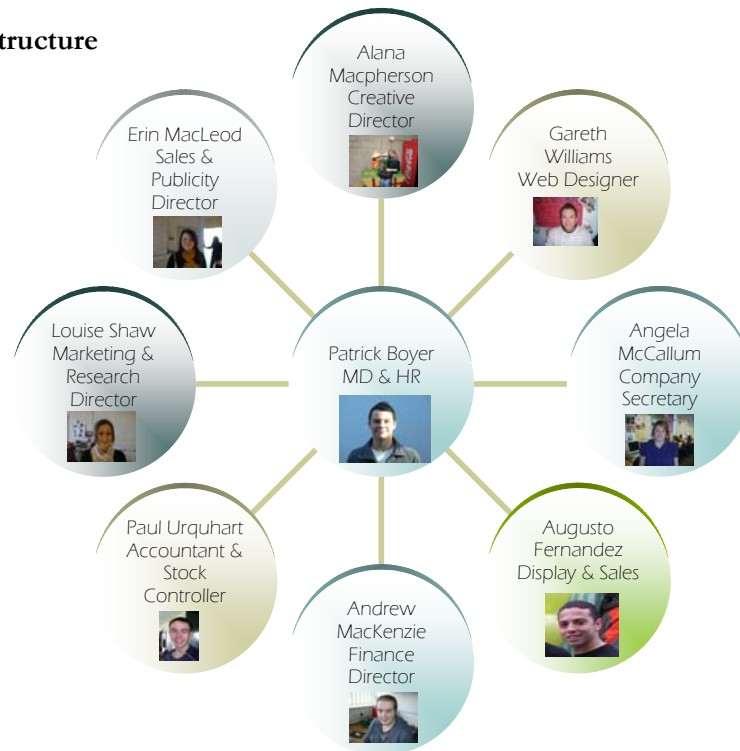
Financial/Company Performance

The business has performed extremely well financially. Approximately £1100 of sales have been earned to date and products are continuing to sell well due to the amount of effort the team has put in to advertising and promotion. The net profit of £335.44 for the business is also high, and shows that the mark up on the products has been set high enough to earn a satisfactory return. The volume of sales demonstrates that the products are reasonably priced for the consumer. At the end of the financial year the business expects to reward the shareholders with a 10% dividend.

As Managing Director I feel that the company members have worked extremely well as a team, solving problems and dealing with different people that have helped and/or hindered the business. The hard work and dedication of the team has been vital to the team's success.



Organisational Structure



Dimension has an unusual structure which we think of as a *'wheel'*. The Managing Director is the central *'cog'* and the team are the *'frame'*. Each member has a key role, which was decided based on existing skills (e.g. Patrick has leadership skills through rugby, Andrew has a grade A in Higher Accounts and Alana is a talented artist). At busy times other members help to take the strain, but if any member fails to perform their role, the whole structure is weakened. Information flows easily 'in/out/around' the wheel and the Managing Director can delegate authority outwards.

Patrick (Managing Director) employs a democratic style of management which allows others the opportunity to take on leadership roles. For example, Angela took responsibility for the team attending the UK trade fair in Stratford, and Erin has taken full responsibility for publicity. This gives Directors the freedom to use their initiative as they are allowed to make certain decisions without seeking approval from above, as there is no above! (This does not apply to financial decisions as approval for spending must be sought from either Andrew or Paul.)

The company operates an 'employee of the week' scheme in order to maintain motivation. Patrick takes advice on who should receive this from the whole team and the award - a smiley face pencil - is given out at the board meeting. On one occasion there were three employees of the week!

Team spirit is important and has been strengthened through events such as the company bowling night and the motivational 'team talks' from the Managing Director. Patrick has drawn on his experience as Captain of the Highland Rugby team to ensure that morale remains high. Competition from other Young Enterprise companies has also encouraged the team to strive for greater sales and success. There have been no major changes in roles during the year. Directors have been happy in their positions and have had opportunities to get involved in other aspects of the business. As a result we have had no need to take disciplinary action. Two members who left our company decided early on that they could not give the company the level of effort required.



Product Development

The two products: fridge magnet and story/activity book were developed after extensive market research (detailed later). These products promote healthy eating in a bright and fun context. The pack is intended to be used by the parent *with* their child and so it was important that it appealed to both - by being colourful, easy to read and write on, but also of a high quality. The character 'Harry' was designed to represent a 'typical' child: enthusiastic, happy and attracted to unhealthy foods.



Market research identified a market for the fridge magnet, however, attempts to manufacture a product ourselves through simple laminating proved unsatisfactory. This led us to research materials through the internet and a number of sign makers in the local area. Samples were requested, but most were too expensive to take any further.

Initially problems were encountered with production when the blue colour appeared purple when printed on the magnetic material. Eventually our preferred suppliers (Acorn Signs Inverness) were able to produce the magnet at a price low enough to allow a healthy mark-up whilst achieving the quality we desired. We have developed a good relationship with this supplier and have been able to negotiate low prices while still purchasing the magnet in small batches, which has allowed us to keep average stocks low. A pen is supplied with the magnet which wipes off easily after use.

Activity Book

The activity book complements the design of the fridge magnet, which helps both our products to be easily recognized.

Alana MacPherson, Creative Director, drew all the pictures in the activity book, and the story was written after reading comments from the primary research we conducted. 20% of parents said they would not buy our product as their children 'already ate healthily'. The story of Harry's day had to get across the idea of making healthy choices without suggesting that parents did not care or monitor what their children ate. The story shows Harry at school making unhealthy choices 'innocently'. With a bit of help from 'Mum' he sees the error of his ways and chooses more healthy options the next day. The story ends with Harry winning a race at sports day full of energy after his banana!

Activities were designed by the team, based on researching many different websites and books. The recipes are considered to be easy to make, healthy, tasty and fun. As well as recipes, activities and an illustrated story, our book includes information about healthy eating, nutrition, additives to avoid, and how to measure one portion of your five a day. The combination of activities and information makes the book unique, interesting and enjoyable.

The first batch of books had printing errors and we were not satisfied when the supplier produced stickers to cover up the mistakes they had made. We contacted their Managing Director and negotiated a re-print at no extra cost which was beneficial as we had not received a discount for the first set. The glossy pages of the book are not easy to colour in and we feel a bit of advice from the supplier would have avoided this problem.



Information Communication Technology & Training

Our website 'www.spanglefish.com/dimension' was set up to promote our products to a wider market and to keep customers and shareholders updated on the progress of the business. The website has photos, news updates, a downloadable order form and general information about products. Had we been able to accept credit card payments this sales approach may have generated more income but as this was not the case, sales on the website were relatively poor.

As members of the team were using social networking sites such as Bebo regularly, we used this mode of communication to remind the team of deadlines, tasks and other aspects of the business. Bebo also allowed us to keep up-to-date with our main competitors as they posted similar information about their actions on each others sites!

'First Class' email was used to communicate with advisers and the link teacher quickly and effectively. This email system was also used, through the link teacher, to contact businesses and suppliers, saving time and money.

Using the telephone was however found to be the most effective as it was more personal and helped the company build a good relationship with suppliers and customers, an area which the business feels is very important.

The vast majority of shareholders are parents, teachers and other pupils. We have used the school monthly newsletter to keep them informed of our progress and events. At each meeting an agenda is produced and action minutes are taken. We have used a large flipchart to list urgent actions. This gives us a sense of achievement when we can score something off!

The products are professionally manufactured but have been entirely designed by the company. Most members of the team are able to use Microsoft Publisher, Word and scanners and therefore there was little need for training in these areas.

Display training from Marks & Spencer provided the team with the necessary skills to set up a professional looking trade stand. The training has contributed greatly to the success enjoyed at the two trade fairs attended.

As a result of publicising our activities on the BBC news website we, also received a days training from Tree of Knowledge. This took place on 17 March and covered motivation, teamwork and relaxation techniques – all vital at this time!

Marketing & Research

Fifteen initial ideas were evaluated and reduced to size. These formed the basis of our primary research. Parents and teachers received information on these ideas and were asked for comments. We received an 87% return on our questionnaire which gave us useful feedback such as 'Too many Art postcards around' and helped us choose our final product.

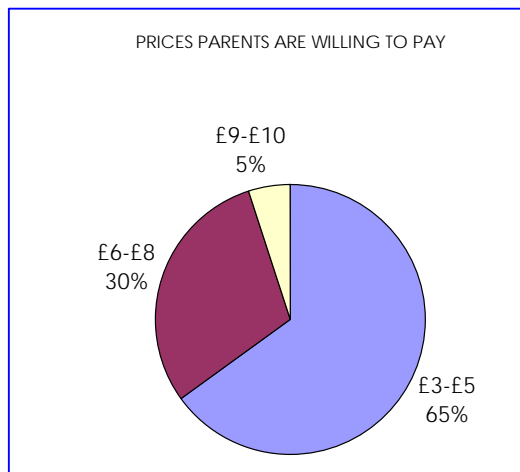
The 5-a-day Fridge Magnet received lots of good feedback from the primary research and we felt it was a strong product that would give us a competitive edge. Another questionnaire was designed which included an introduction about our company, then 6 short and simple questions for parents to answer. These were sent to nurseries – 20 to Fortrose Nursery and 20 to Care-Share Nursery in Inverness - and 10 to teachers in the school with young children between the ages of 3 and 8.



Market Research Results

80% of customers said that they do find it hard to try and get their children to eat 5 portions of fruit/veg a day. This identified a market. The 20% who said they had no trouble getting their child to eat their 5-a-day influenced our story book line as mentioned previously in the report. This researched also influenced our pricing policy, (see pie chart opposite). Our magnet retails at £5.00.

The average number of children per household was found to be 1.5. We made the decision to have only one space for a child's name on our fridge magnet, to encourage parents to purchase in multiples. We asked consumers how they would reward healthy eating e.g. stickers. Many of them suggested trips to the park, swimming etc. We decided to leave the reward section blank in order to let the parents decide.



A number of parents suggested additional information that we could include in our activity book and this led to the page on 'additives to avoid' being included. We had to ensure the information from the internet was reliable and accurate, so we consulted the Home Economics department within our school to verify the information found.

Secondary research carried out on the internet revealed that 8.5% of 6 year olds are obese in the UK. This is mainly due to changing eating patterns and falling levels of physical activity. (www.parliament.uk). We also researched competitive and we found two similar items, "Australia's First Reward Chart" which retailed at £8.99 and a "Magnetic Award Chart" from the Early Learning Centre website retailing at £7.00. We felt there was a gap in the market that we could exploit; these products were both expensive and did not contain space for children to write or draw in their 5 portions a day. Our product is cheaper, more portable and more child friendly.

It was clear from the research that our market could be reached through nurseries. Ten nurseries were contacted and five of these decided to display our products. The Black Isle community nursery nurse was also contacted, she willingly took our products round the nurseries and encouraged people to buy. This proved to be a rather unsuccessful venture as it was just after Christmas and many families try to cut back spending at this time. The business realised that timing for promotion was important.



Advertising & Publicity

We have made use of local newspapers. The business firstly featured in the North Star, with an article and a photo of the whole group. After winning the Trade Fair in Inverness we featured in the Press and Journal and the story was also placed on their website.

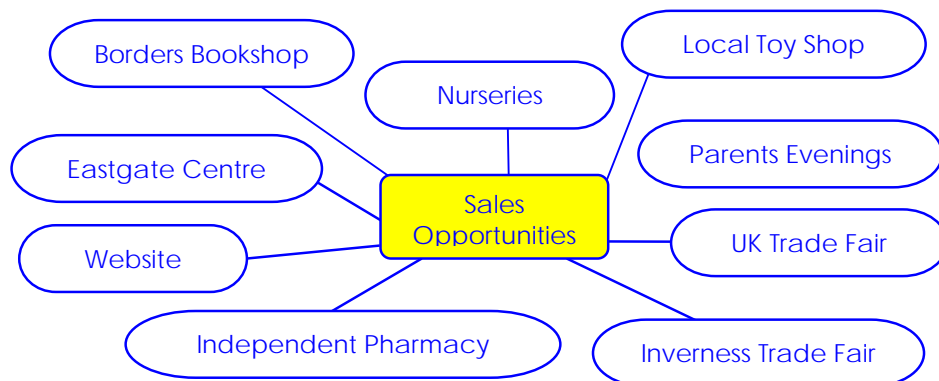
These methods are limited to the local area and Erin MacLeod took the initiative to contact BBC Scotland. They offered us the opportunity to place an article on their news website to advertise our product.

http://news.bbc.co.uk/1/hi/scotland/highlands_and_islands/7132912.stm

The article ran for a week, but after winning the Highland Trade fair we contacted them again and they agreed to up-date the article keeping it live for another week. It's now archived. This tactic has been repeated and an item about our success in Stratford-upon-Avon is currently on the site. This publicity has impressed customers and helped our image as people view the BBC as good quality and trustworthy. *Tree Of Knowledge*, a motivational training company, spotted the article and were so impressed they contacted us and offered us a free day of training.

The local football team, Ross County, were so impressed with our product and agreed to one of their players being photographed with our team for the local newspaper. We also have an article in the current Black Isle Community Magazine – Chatterbox.

Sales Opportunities



Trade Fair

Investment in the trade stand paid off and as we have used the materials again. A lifesize 'Harry' was purchased from the Technical department. The stall was designed in such a way that parents and their young children, the target market, were attracted to the stall – bright yellow. The team dressed in Dimension t-shirts (with thermal vests!) and black trousers which meant customers could easily associate us with the stall.



Two of the team dressed as carrots (frequently mistaken for pumpkins!), handing out leaflets. Dimension realised that although these events helped the team gain experience and sell products, this was not the main way or place to reach our target market in order to sell more.



Other Sales Opportunities

At the first parents evening, sales of £200 were made which was more than expected. However, after making no sales at the second parents evening it was once again clear that this was not the way or place to sell the products to the target market.

We decided to contact local nurseries and primary schools in order to better promote the products. Samples and order forms were sent out to 10 different nurseries and this proved to be a much better way to contact the target market.

As the product is about healthy eating we contacted local pharmacies. Many, however, are owned by Alliance Boots and we were told that it would be a long process to get them to stock our products. The independent pharmacy at Muir of Ord offered to stock our goods on condition that we supplied them with display materials. Two small display boxes were produced and each of these stores managed to sell all the stock delivered.

Mothercare were contacted and were keen to find out more about our product, however the process of obtaining a patent meant we were not able to pursue this in the time-scale.

Recently, due to the hard work of Sales and Publicity Director Erin Macleod, the business has acquired a stall in the Eastgate Shopping centre in Inverness and we are hopeful that this will be very effective in reaching the wider public.

A letter containing a sample of our products was sent to the book store Borders Inverness, who seemed very enthusiastic about our product and allowed us to set up a trade stand in the children's section of the store.

We also recently supplied a local toy store in the nearby village of Cromarty called 'The Emporium' with a selection of our products.

Sales Pitch

At the Inverness Trade Fair we ran a free competition for a basket of fruit – all you had to do was name the exotic fruits. This was a success and allowed the sales team to draw customers to the stall. At Stratford a similar strategy was used; we gave children free stickers and this started up a conversation with their parents, resulting in many sales, although this was time consuming. To attract customers without children we decided to open with "Do you have any children/grandchildren/nieces or nephews?" However, we soon dropped the 'grandchildren' after upsetting a potential female customer! Again we considered the research answers which suggested that parents might be offended by us suggesting they did not feed their children a healthy diet. We were careful to ask "Do you have trouble keeping track or encouraging your child to have their 5-a-day?"

Financial Performance (accounts on pages 9 & 10)

Capital was raised through the selling of shares, running a film afternoon, selling a Valentines magazine and selling advertising space on the back of the book. These methods were effective but time consuming and delayed initial production. A loan of £200 was negotiated with the school. This allowed us to pay for registration and concentrate on product development. This loan has now been fully repaid.



Control of spending (or should we say the girls!) has been a challenge! It has been difficult to balance the amount spent on items which raise no revenue such as costumes, signs etc with the benefits that these items bring – we won £50 in Stratford and £100 in Inverness because of our trade stand, but there was no way of knowing this at the time of spending. To address this we set maximum limits on items after looking at the financial position of the company, for example, £40 was the maximum spend allowed on the DIMENSION sign for Stratford-upon-Avon.

The mark up on the products was determined by how much we needed to cover our costs and on our market research. We originally decided to price the fridge magnet at £5 (mark up of 67%) to cover production and extra costs (trade stand etc). The Activity book was originally priced at £4.50 (mark up of 50%) for the same reasons. The packs were priced at £8.50 (mark up of 20%) which was still enough for us to make a small profit. In both cases the mark-up was sufficient to allow us to have ‘special offers’ if needed.

Managing Directors Report

As Managing Director of Dimension it became clear to me very quickly that the team had the makings of an excellent company. The team have more than proven this, finishing 2nd at the Highland Dragon’s Den, winning best trade stand and most innovative product at the Inverness Trade Fair and eventually gaining 3rd place in the UK Trade Fair in Stratford upon Avon.

As a company we have learnt that teamwork is vital in achieving results. The difference between learning business in class and the practical side learnt during the year with Young Enterprise is huge – learning how to deal with real suppliers, customers and all the problems they may bring has given us a greater insight into the world of business. The team adapted superbly to all these challenges, proving that they took on board all the advice given by the link teacher and advisors at the meetings.

As Managing Director I would like to thank my team for their hard work and dedication throughout the whole year as well as the company’s advisers, Roddy Dyce and Angus Morrison and the team’s link teacher Mrs Rhynas. As an investor in the company I hope that you will be satisfied with your return when the company liquidates in June 2008.

**Interim Trading, Profit and Loss Account of Dimension YE for period ending 2 May 2008**

	£	£	£
Sales (note 1)			£1,123.93
Less Cost of Goods Sold			
Opening Stock		£0.00	
add purchases (note 2)		£620.36	
less closing stock (note 4)		£177.67	£442.69
GROSS PROFIT			£681.24
Add Revenues			
Advertising		£90.00	
Bank Interest		£1.90	£91.90
Less Expenses			
Carriage Out and Fuel		£16.81	
Bad Debt from Black Isle Farm Shop		£30.00	
T-shirts		£18.61	
Stationery		£12.95	
YE Exam Fee		£54.00	
Tradefair Expenses		£45.53	
Tradefair Registration Inverness		£40.00	
Material for Wooden Harry		£10.00	
Fabric for carrot costumes and ties		£25.31	
Wages		£115.00	
Photocopying		£57.40	
Stratford Expenses		£12.09	£437.70
PRE-TAX NET PROFIT			£335.44
Less Corporation Tax (10%)			£33.54
NET PROFIT AFTER TAX			£301.90
Add winnings (non-taxable)	£1,150.00		
Less Proposed Ord Share dividend (10%)	£32.60		£1,117.40
Appropriated Net Profit & Income			£1,419.30

Balance Sheet for Dimension YE as at 2 May 2008

Current Assets	£	£	£
Stock		£177.67	
Bank		£1,389.71	
Cash		£293.25	£1,860.63
Less Current Liabilities			
Corporation Tax		£33.54	
Dividend Due		£32.60	
VAT (note 3)		£49.19	£115.33
			£1,745.30
Financed By			
Issued Share Capital			
652 Ordinary Shares at 50p each		£326.00	
Appropriated Net Profit		£1,419.30	£1,745.30

Interim payments for VAT & Corporation Tax to be paid prior to finals.



Interim Accounts Analysis Sheet

Sales

Note 1

Sales inc VAT	Activity				Valentines Magazine sales and donations	Film Afternoon Seats seats and donations
	Magnets	Books	Packs			
	65 @ £5	12 @ £4.50	45 @ £8.50			
	325.00	54.00	382.50		147.20	119.08
Less lowered price sales	21 @ £4.00	23 @ £3.50	7 @ £7			
	84.00	80.50	49.00			
Total inc VAT	409.00	134.50	431.50		147.20	119.08
Less VAT	60.91	VAT exempt	38.70	VAT exempt		17.74
Sales exc VAT	348.09	134.50	392.80	147.20		101.34
TOTAL SALES						1,123.93

Purchases (Note 2)	Activity			
	Magnets	Books	Packs	Film Afternoon
Stock	170 @ £1.76	200 @ £1.55		
	299.20	310.00		
Pens			47.50	
Sweets				10.00
Stickers			7.98	
Total inc VAT	299.20	310.00	55.48	10.00
Less VAT	44.56	VAT exempt	8.27	1.49
Purchases less VAT	254.64	310.00	47.21	8.51
TOTAL PURCHASES				620.36

Audited By
Name
Date
Signature

VAT	Note 3	Closing Stock	Note 4
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Output Tax Sales & advertising	133.10	Magnets	12 @ 1.76	21.12
less input tax (purchases)	54.32	Books	101 @ 1.55	156.55
less input tax (expenses)	29.59			177.67
	49.19			

*Note VAT on sale of packs was calculated at a price of £5 per unit as VAT is not charged on books.

** Missing Stock was given as samples and thank you presents for sales oppurtunities.