

Student 2: High Merit

NZQA Intended for teacher use only

Company Name	Collsic
Product	Music album (physical CD and online) performed by students associated with the school.
Business plan contents	Executive summary, introduction and goals, innovation and sustainability, vision, values and objectives, marketing, SWOT analysis, human resources, financials, quality control, operations
Consultation	Mr MC who is well known in the music industry and will advise on recording and marketing.

Space does not permit Business Plan extracts beyond the standard's focus areas of innovation and sustainability to be shown in this Exemplar.

BUSINESS PLAN EXTRACTS

Company innovation

Collsic will be creating a 100% New Zealand made album with the talented young artists from ABC College. These artists are the future of music in New Zealand and will be creating unique, original music. Collsic believes that as a business we can help these young artists become recognised and create a premium quality album that our school will be proud of. A percentage of the profits made from the album will go towards a local charity so that Collsic can give back to the community that will be supporting us. We believe this donation will be one of our points of difference.

It might be expected that a music album produced by a school group would be of average sound quality. On the advice of our mentor, we will be outsourcing production to professionals. Studio 203 will be used for recording and physical albums will be produced at Stebbing Recording Centre. Due to the technology-driven generation we live in today, many of our albums have been forecast to sell online. For these we will be using a website called Bandcamp which is renowned for its quality. We have made these decisions to ensure our product is superior to that produced by other schools, and of at least the same quality as our commercial competitors.

Another point of difference is that unlike our competitors who generally sell only through iTunes and/or music retailers, we will use a combination of these plus at school, at three local markets, our Facebook page, the YES trade fair and via the school website.

Sustainability

The quadruple bottom line is very important to Collsic as it will help to ensure that we build a sustainable business that will enable us to record other albums in the future. We have ensured that our business is "built to last" and will be able to function efficiently over a long period of time, while still returning a profit. Efficient production means that Collsic can get its albums to the market quickly.

- Economic

The business will be economically sustainable as we will be making a profit which will allow us to continue operating over a long period of time. **By selling the albums for \$10.00 each, we will make an \$8.50 profit on each album sold.**

Collsic's online sales will be very profitable as there is no cost to upload the music, nor a production cost to have them distributed. By buying blank CDs in bulk we will use economies of scale to reduce the average cost of physical albums.

Our specific economic goals are:

- To sell 500 albums by the end of the year (a five month period).
- To make \$700 profit by the end of the year (\$100 per director)

- Environmental

Collsic aims to ensure production causes the minimum waste possible. We are using lean production by using as few resources as possible, including space, materials, stock, time and labour. By having a simple production process and being the main distributor we will reduce waste by having a low amount of packaging and a short supply chain. The CD case will be made from recyclable cardboard. Collsic will also be selling a proportion of albums online; as these albums will not have a physical presence they will not contribute to waste.

- Social

Collsic will be donating a 10% of our final profit to the NZ Music Foundation to contribute to the future of music in NZ and encourage young artists to pursue their passion in music. Donating to this foundation demonstrates Collsic's desire to achieve social sustainability.

- Cultural
Collsic is a very culturally diverse business with its directors coming from a wide range of ethnic backgrounds. Among our business values are acceptance, pride and understanding. The music we produce will express the culture not only of our college, but the culture of our business. We intend for our business to run smoothly as having common values and goals will allow us to work together productively.

By acting in a sustainable manner we are more likely to secure future investments, retain members of the business (thereby minimising hiring and training costs) and have sustained sales and profit.

EXTRACTS FROM STUDENT 2'S REVIEW

- Economic Goal
We met some of our economic outcomes. We were able to produce the music at its highest quality with professional recording. We created a professional looking website to sell our CDs online from.
Collsic was not able to sell all 500 CDs to break even and make a profit, leading the business to have a net loss. We were hoping to sell 400 CDs online and 100 physical CDs, however Collsic was able to produce and sell only 12 CDs. **The fixed and variable cost of producing the CDs was \$680 which was higher than the \$320 we expected.** However, the costs of the CD cases CDs themselves was more affordable at a total of \$20, which worked out at \$1.67 per CD. It was recording costs that were really expensive. For every CD that we sold at \$10, there was a loss of \$46.67, so Collsic was not able to break even. 3
Collsic made a loss so we realised that our planning was inaccurate because we underestimated the expenses thinking they wouldn't be as high. We did not have enough capital to cover all the costs needed to produce the CDs. This is because we didn't plan carefully enough. We could have done some extra fundraising and we should have followed our action plans. 2
- Environmental goal
Collsic met one of its environmental goals. We used recyclable packaging (cardboard cases). We were not able to use the eco-friendly cases but decided to use recyclable plastic for the cases instead. This will help reduce pollution to the environment. Collsic used lean production to minimise transportation and packaging, having the singers travel with the production managers reduced extra transport costs and doing the packing ourselves. We didn't use any plastic bags to reduce further damage to the environment.
An environmental goal we didn't meet was selling the albums online. **We failed to have a proper contract with the singers. It was only done verbally therefore the singers distributed their music online themselves.** So by selling physical albums only we didn't meet this environmental goal. 2
We failed to plan and follow the action plans and this resulted in the business not being able to meet our own expectations.
- Social goal
Collsic was able to meet one of its social outcomes which was to support our two singers. Tim and Peter were fully funded to produce their first ever album. We have received good feedback from the public on the quality of their music played live at school and community events.
We were not able to meet the goal of donating any profit to NZ Music Foundation. This reflects back on the business as we are not socially sustainable because we are not able to help out the community.
- Cultural and ethical
We demonstrated cultural and ethical values by having pride in our business. We were able to work together as a team to achieve our goals. We were encouraging and supportive of each other and had excellent customer service skills.
Although we did not demonstrate generosity by donating to the music charity, we were generous in that we didn't ask the two singers for any contribution towards recording their album.