



## Business Case



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## EXECUTIVE SUMMARY

### Current Situation

Tasmania is facing a problem of high illiteracy with 48% of Tasmanians aged between 15-74 do not have adequate literacy skills (ABS, 2008). This is a multigenerational problem and has huge effects on the wider population.

### Reasons for Change

This high percentage of functional illiteracy means that there are a large portion of the population of Tasmania are unable to engage with everyday tasks such as reading and filling out forms, reading medication labels, bus time tables or instructions. Because this affects a number of generations there needs to be an intervention to help people be fully engage and independently functional member of our community.

### Proposed Solution

Treat Yo' Shelves is an exciting bookstore that allows people to feed their mind, body and soul - with books, conversation, coffee all in a comfortable and family friendly space. We believe creating this space will inspire a love of reading, sharing and discussing big ideas that can transform our community as well as countless families.

The store will contain a number of zones that will allow for people to easily move between the different areas, all focused on creating a comfortable space where people want to be. The zones include;

- Bookstore area
- Cafe area
- Event space

### Expected Impact

To provide a solution to this problem, taking into account the research completed, it is expected to have the following impact;

- Family Friendly. It will be a space that will support families to come together and grow a love of reading.
- Balance of Events & Books. Events encourage people to come back time and time again, as well as deliberate ways to engage in discussions around key themes.
- Social Energy. The environment that most people expect when it comes to books is extremely quiet and often quite ordered - however this solution will encourage social conversations, noise and energy that makes it exciting to be in the store.
- Open to All. The solution will be extremely accessible so that no one is excluded from the space. This is not only in the design and layout of the space, but includes how the staff engage with people and help others access the books and events.



## SITUATION ANALYSIS

### **Problem Frame**

People aged between 18 and 40 in Tasmania need to enjoy discovering new books, reading and discussing key themes because reading and literacy is an important skill for life, to build creativity and imagination and to share with children, but bookstores are closing down in communities as they are not offering an experience that draws people together.

### **Market Research**

#### Customers

Our customers are people in Launceston between the age of 15 and 40, who are either in full time study, are employed or young parents. With a store that also has a cafe, family reading nooks and spaces for discussions and learning, the focus is on an inviting and social space where people enjoy to be. The reason for creating this type of space is that 48% of Tasmanians aged between 15-74 do not have adequate literacy skills (ABS, 2008), which is well below the national average and needs to be addressed.

#### Benefits

There are many benefits for increasing the literacy skills of the wider population and why Treat Yo' Shelves is needed in Launceston. Benefits for reading on a regular basis include;

- Reading exercises the brain and creates new thought patterns, which promotes brain development.
- Reading often helps improve reading skills, as these skills are being used on a regular basis.
- Reading explains the world we live in, by reading books that helps expand knowledge and share experiences from other contexts.
- Reading improves concentration and focus.
- Reading relaxes our body and calms the mind, which is important in such a busy and distracted world.
- Reading helps increase school performance.
- Reading increases creative intelligence and creativity.
- Reading promotes mental health.
- Reading reduces stress.
- Reading improves knowledge.
- Reading helps us be more empathetic.
- Reading expands our vocabulary.
- Reading improves writing skills.
- Reading increases analytical thinking skills.
- Reading improves memory.
- Reading boosts sleep.

With the benefits of reading being extremely wide ranging, it is important to increase the regularity of people reading. C



## SITUATION ANALYSIS

### Market Research

#### Current Industry

In examining what else is in the market, we discovered four categories of competitors;

- Bookstores that are already in business, such as Collins, Petrarchs and Stories Bookshop. These are focused on stocking titles and service, rather than an in store experience.
- Online bookstores, including Amazon and Dymocks, where people can get the books sent in the mail. This only works for people though who already want to read.
- Libraries offer some casual spaces but not everyone feels comfortable going inside.
- Adult literacy programs, such as 26TEN offer some of the support we would offer.

After doing research of businesses like this, we did discover a business in the United States of America called Busboys and Poets, which states on their website that they are;

*"a community where racial and cultural connections are consciously uplifted... a place to take a deliberate pause and feed your mind, body and soul... a space for art, culture and politics to intentionally collide... we believe that by creating such a space we can inspire social change and begin to transform our community and the world."*

While this is not an exact match to our purpose as our business solution is focused on engaging people to read rather than break down racial and cultural barriers, it does contain elements that are interesting around bringing people together and transforming the community.



## PROPOSED SOLUTION

### Possible Options

When discussing possible solutions to the problem frame, we came up with the following options;

- Running a reading program around schools, childcare centres and early learning programs, where parents and children can read together to be more comfortable with books.
- Establishing a bar that has books, with a focus on serving wine and spirits as well as craft beers, creating an atmosphere where people feel comfortable to read a good book while enjoying a nice drink.
- Creating a community library scheme, where people trade books to grow conversations around key themes, and to create person-to-person connections as those books are passed around.
- Starting a bookstore that has a cafe for people to socialise in, family friend play areas and event spaces for classes and discussion groups.

### The Proposed Solution

Treat Yo' Shelves is an exciting bookstore that allows people to feed their mind, body and soul - with books, conversation, coffee all in a comfortable and family friendly space. We believe creating this space will inspire a love of reading, sharing and discussing big ideas that can transform our community as well as countless families.

The store will contain a number of zones that will allow for people to easily move between the different areas, all focused on creating a comfortable space where people want to be. The zones include;

- Bookstore area where there are books displayed in a various ways (on shelves, racks low and high, tables, etc.) allowing people to easily browse, view and buy. In around these areas will be furniture to sit and perch, so people can look through books in the store, especially with seats at a lower level for children to enjoy browsing books.
- Cafe area off to the side, where people can come straight in for the cafe, but still view the bookstore area. This would provide a space for casual conversation over drinks with snack food served as well as lunch options, with a focus on family friendly food. There will be a mix of chairs and couches for more casual conversations, along with space for prams and young children to run around.
- Event space towards the back that allows for people to have a private space for discussing books and other issues, as well as providing a space for literacy programs to be delivered. This could have a private entrance for those who are not comfortable being seen in the store learning to read, which could also allow for after hours access and events.

The staff within the store will be passionate about books and reading, helping people read the books that are in the store, help them find books at their reading level, as well as help them discover themes or interests that appeal to them. There will be some staff that also work in the cafe area as well as in the retail space, helping make that an area where people can learn to read and enjoy books as well.



## PROPOSED SOLUTION

### Staffing & Resources

To make the Treat Yo' Shelves store a reality, we will require;

- A central retail space in Launceston (Tasmania), that is easy for people to walk to in the centre of town, have parking nearby but also be large enough to have all of the aspects of the store under one roof,
- Cafe equipment, chairs, tables and couches for the cafe zone, to make it an exciting and interesting space to sit, talk and enjoy with the family,
- Retail equipment such as computers, scanners, cash drawers and printers to be able to sell books to people,
- Bookshelves and furniture for people to stop and browse books,
- Books provided by a range of suppliers - from major publishing houses all the way to locals who are looking to get their books out into the public,
- Food supplies for the cafe,
- Classroom furniture including tables and chairs for the event space that allows for people to do short courses, discussions around books and learn to read,
- Staff that can sell books as well as help people to read,
- Staff that can work in the cafe (and the bookstore if possible).

This will be gathered through research of the optimum location, purchasing the equipment along with making arrangements with suppliers to provide quality titles at a good price, and staff will be recruited through advertising online as well as talking to teachers who might be looking for change of profession.

### Assumptions

In developing this solution, we have made the following assumptions;

- That a cafe will be a drawcard to having people come into the space and feel comfortable, as often cafes are popular spots for people to talk, enjoy a snack with young children and generally pause for a moment. While not everyone likes coffee, by serving a range of drink options the cafe can appeal to a wide range of people.
- That people want to learn how to read, especially students in school, young adults and young parents. School students and young adults would feel embarrassed if they require support with their reading, so providing them a safe space in a central location where they can quietly slip in could overcome this. The opportunity of also exploring these skills in a retail space rather than dedicated classrooms can also help make people feel more comfortable. For young parents, the space needs to be family friendly so that they can bring in their young children with a focus on allowing the children to pick up books that then they can explore with their parents. This could start them recognising the importance of reading, and the retail staff can support this reading process as well to make it more comfortable to learn reading skills as well.
- That people want to talk about books and key themes, as often this allows people to go further in their reading especially with books of interest. We know of bookstores that help run book club as well as community groups that do this, along with events that regularly run in bookstores, however if these are run in shops, they often clear shelves out of the way rather than having a dedicated space could help more people get involved in these discussions.



## PROPOSED SOLUTION

### **Cost Benefit Analysis**

To start Treat Yo' Shelves, there will need to be a significant investment of \$62,000 (\$37,000 for the establishment of the business and \$25,000 for the future expenses associated with starting the retail store) which will cover the purchase of the coffee cart fully fitted out, storage units, furniture, books and food supplies. In terms of benefits, not only will the business sell books as well as food and drinks from the cafe which will help cover the operating costs for the business, but the focus is on making a much more important social and economic benefit into the region. Through helping more young people learn how to read, especially for those with young children, it opens up more opportunities to work through being literate, to study and grow new skills, as well as share the joy of reading with young children to have as many opportunities open to them as possible.



## IMPLEMENTATION PLAN

### Establishment Costs

Item	Unit Price	Quantity	Total Cost
Books for Sale (using approximate purchase price)	\$10.00	100	\$1,000.00
Mobile Coffee Cart (price from Gumtree)	\$32,000.00	1	\$32,000.00
Outdoor Tables for Seating (from IKEA)	\$199.00	3	\$597.00
Outdoor Chairs (from IKEA)	\$49.00	16	\$784.00
Indoor / Outdoor Bean Bags (from IKEA)	\$149.00	5	\$745.00
Food Supplies	\$250.00	1	\$250.00
iPad & Square Payment Device	\$1,175.00	1	\$1,175.00
Working Capital (For Costs Associated with Physical Store)	\$25,000.00	1	\$25,000.00
<b>Total Investment Required</b>			<b>\$61,551.00</b>

### Support Required

To start the Treat Yo' Shelves business, we would look for an investment of \$61,551 to cover the startup costs of the mobile business as well as keeping some aside for the physical store that will be started later in the year.

The support could come from an investor who wants to support the idea, a community grant round that could support the business with its focus on literacy education, through a bank loan - or through a combination of these elements. When preparing the financial forecasts, we looked at what it would take to pay back a bank loan over a number of years, however if an investor or community grant can reduce the loan we require, that will help improve the financial position of the business into the future.

The other form of support that can benefit the business, especially in the startup stage, is having community organisations, schools and other local events allow Treat Yo' Shelves to set up its coffee cart and book space at their community gatherings. While a number of these events would already have a coffee cart that they might work with, the addition of book sales and a space to read makes a point of difference that makes it more appealing for us to be part of their events. The benefit for the business of being at these events is that we can trial the service and get customer feedback, as well as take the idea to our target customers to then draw them to our retail store that will be established in the future.



## IMPLEMENTATION PLAN

### Key Performance Indicators

To measure the effectiveness of the Treat Yo' Shelves business, we would look at measuring both the performance of the business as well as the efforts around increasing people's willingness to read as well as their skill. With this in mind, we would measure the following;

#### Business Performance

- Total Sales per Day, to measure how much is being purchased by customers every day for forecasting the required staff and making sure the business is profitable into the future.
- Customers per Day, to know how many people are coming into the store which we can compare to the number of sales to see how many customers are buying books.
- Books Sold per Customer, to measure how many books people are buying and opportunities to see them purchase multiple books to increase sales.

#### Social Impact

- Attendance of Reading Classes, to measure the amount of people registering for these sessions (which would be run at no cost) as well as how regular their attendance is.
- Sales to People from Reading Classes, to measure a change in their willingness to read.
- Sales of Children's Books, which will help measure the strong foundation being provided for young people through having books available in the home.

### Key Stakeholders

As there are many products and services offered by Treat Yo' Shelves, below is just some of the key stakeholders the business needs to work with to succeed.

- Book Publishers and Distributors. As books are the main product sold within the store, these distributors and publishers are key to the business to provide the products at the best prices and quickly when required. As a smaller retailer it will be hard to get the attention of these businesses to start with, however sharing the purpose of the business and its focus on helping people develop a love for reading could help Treat Yo' Shelves grow in recognition for the distributors.
- Local Authors. Outside of the major publishing firms, the business will also allow local authors to sell their books through the store. This is a good way to bring together people who are interested in reading local stories, as well as encouraging local events around these books and the author that can bring people into the store.
- Food Suppliers. Much like the business relies on publishers for books to sell, there is also a need to work closely with food suppliers to have fresh produce in the cafe. There would be a focus on using Tasmanian producers where possible, and striking relationships with local producers can help to showcase their products in the store as well as encouraging others to come in knowing the strength of local produce available.
- Customers. While customers are obviously the way the business will make money, it is important to also leverage their influence to share the experience of the store with others and invite others to come with them in future. This will take the form of a loyalty program, where they can receive regular discounts



## IMPLEMENTATION PLAN

off their purchases, as well as electronic newsletters giving them a reason to come back into the store, which can easily be shared with others.

- Schools & Childcare. With a focus on younger audiences, relationships with child care centres and schools can help draw the target audience into the store. They can help promote the events as well as new books to bring people into the business, building brand recognition for young families to come into the cafe when they are in town, and in return look to offer discounts for schools and child care centres to purchase books from.
- Local Businesses. With the cafe on site, encouraging employees of local businesses to buy lunch and drinks from the store can help become comfortable with the business which can see them return with other people, as well as purchasing books.

### Key Milestones

As there is a significant investment in establishing the retail store for Treat Yo' Shelves, the implementation plan for the business has a number of stages before setting up the retail business to grow interest and customer demand.

1. The first stage is purchasing a coffee cart which can be towed by a car, along with a collection of books and outdoor furniture, that allows the business to be trialled at community events. These events would include school fairs, community markets and other outdoor events, where a large number of people come together in short amount of time, where the business would have a large group of people to introduce the concept of Treat Yo' Shelves and start growing customer interest.
2. While attending community events, the range of titles will be modified to best suit what is being sold to customers. This will help narrow the target audience of the business, as well as start to develop reading events based around popular titles to encourage people to attend.
3. After a number of community events, some customers will start to come to events because Treat Yo' Shelves is attending. When this occurs, then customers will be surveyed to test aspects of the service being offered as well as products for sale. This will help inform the future financial projections for the business, especially in the lead up to renting out a retail space in the centre of Launceston.
4. The fourth milestone is to establish a retail outlet that will create a permanent location for Treat Yo' Shelves. This will likely be a smaller than preferred location, but will allow the business to test out how regular people will come into the store, how effective the events will be and ways to ensure the space is family friendly too.

### Forecast Profit & Loss Statement

See over page.



# IMPLEMENTATION PLAN

Profit & Loss Forecast for Treat Yo' Shelves  
For March 2019 - February 2020

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	FY Total
<b>Income</b>													
Food Sales	\$1,190	\$2,975	\$1,190	\$1,190	\$1,190	\$1,190	\$2,083	\$11,900	\$17,850	\$32,725	\$5,950	\$8,925	\$90,143
Books	\$1,700	\$4,250	\$1,700	\$1,700	\$1,700	\$1,700	\$2,975	\$17,000	\$25,500	\$46,750	\$8,500	\$12,750	\$128,775
<b>Total Income</b>	\$2,890	\$7,225	\$2,890	\$2,890	\$2,890	\$2,890	\$5,058	\$28,900	\$43,350	\$79,475	\$14,450	\$21,675	\$218,918
<b>Costs of Good Sold</b>													
Food Supplies	\$357	\$893	\$357	\$357	\$357	\$357	\$625	\$3,570	\$5,355	\$9,818	\$1,785	\$2,678	\$27,043
Books	\$2,125	\$850	\$850	\$850	\$850	\$2,125	\$1,488	\$8,500	\$23,375	\$4,250	\$6,375	\$6,375	\$69,913
<b>Total Cost of Goods Sold</b>	\$2,482	\$1,743	\$1,207	\$1,207	\$1,207	\$2,482	\$9,125	\$16,320	\$28,730	\$14,068	\$8,160	\$9,053	\$96,955
<b>Gross Profit</b>	\$408	\$5,483	\$1,683	\$1,683	\$1,683	\$408	\$4,845	\$12,580	\$14,620	\$65,408	\$6,290	\$12,623	\$121,962
<b>Operating Expenses</b>													
Advertising	\$50	\$100	\$50	\$50	\$50	\$50	\$100	\$200	\$300	\$300	\$300	\$50	\$1,600
Bank Fees	\$32	\$76	\$32	\$32	\$32	\$32	\$76	\$54	\$293	\$437	\$798	\$148	\$2,231
Cleaning	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$150	\$150	\$150	\$150	\$150	\$960
Consultants & Accountants	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$750
Electricity	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$1,500
Insurance	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$243	\$2,100
Loan Repayments	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$2,916
Motor Vehicle Expenses	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$2,750
Printing & Stationery	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$1,680
Property Expenses							\$15,000						\$15,000
Rent							\$4,583		\$4,583	\$4,583	\$4,583	\$4,583	\$27,500
Superannuation								\$1,151	\$1,151	\$1,151	\$1,151	\$767	\$4,986
Telephone & Internet							\$50	\$50	\$50	\$50	\$50	\$128	\$990
Wages & Salaries							\$250	\$250	\$250	\$250	\$250	\$250	\$5,423.8
<b>Total Operating Expenses</b>	\$1,615	\$1,159	\$915	\$915	\$915	\$1,065	\$1,009	\$21,780	\$19,455	\$19,566	\$15,394	\$14,567	\$119,201
<b>Net Profit Before Tax</b>	-\$1,207	\$4,324	\$768	\$768	\$768	-\$657	\$3,836	-\$918.0	\$5,165	\$45,842	-\$9,104	-\$1,944	\$2,761
Company Tax													\$787
<b>Net Profit</b>	-\$1,207	\$4,324	\$768	\$768	\$768	-\$657	\$3,836	-\$918.0	\$5,165	\$45,842	-\$9,104	-\$1,944	\$1,974



## IMPLEMENTATION PLAN

### Explanation of Financial Data

Below are additional notes to help explain the Forecast Profit and Loss on the previous page.

- Income. Food Sales includes the sale of all food items including coffee that is sold at events and in the retail store, with the Books listed separately. When the business is only running at events, sales increase in April and August ahead of Mothers Day and Fathers Day sequentially. Sales increase in the retail store in the lead up to Christmas, then quieten off in January.
- Costs of Goods Sold. These amounts are based on purchasing all food items in the month when they are sold to ensure freshness, and the books are purchased one month in advance to ensure they are on the shelves early enough for customers.
- Advertising. Advertising is lower when the stall is attending events, then increases in the lead up to Christmas before settling back down during the quieter start to the new year.
- Bank Fees. This is based on an account fee of \$3.50 and paying 1% for all sales to cover transaction fees for customers who use EFTPOS and Credit Cards.
- Cleaning. Costs are lower when running the market stall, then increases to keep the retail store clean.
- Consultants & Accountants. There is \$150 budgeted each quarter for the preparation of financial accounts as well as helping establish the business.
- Electricity. Electricity is only paid when the retail store is running.
- Insurance. Insurance is paid at the start of the business for the market stall, with an increased premium once the retail outlet opens.
- Loan Repayments. This amount is based on making interest only repayments on a \$62,000 loan at 4.70% interest.
- Motor Vehicle Expenses. The \$250 budget allows for petrol costs and general wear-and-tear on the vehicle that tows the coffee cart.
- Printing & Stationery. Only a small amount of materials will be required while running the business at community events, then there will be a large amount of signage printed when the retail store is opened, then dropping back to a normal budget while the store is operating as expected.
- Property Expenses. The \$15,000 budget is for new furniture and shelving units that can be used in to fit out the retail store.
- Rent. This is based on renting a space for \$50,000 per annum plus outgoings, with regular monthly rental payments.
- Superannuation. This is based on paying 9.5% superannuation to all permanent employees once the retail store opens. It is not applied when the business attends community events as the wages are below the \$450 threshold.
- Telephone & Internet. This is based on a single mobile phone plan while only attending community events (to operate the point of sale terminal using the mobile phone network), then will include an internet connection when the retail store is started.
- Wages & Salaries. Wages are lower during community events where opening hours are limited, but will increase when the retail store opens. There is a budget for three people to work full time in the first three months leading into Christmas, with only two people required for January and February.



## CONCLUSION

With almost 50% of Tasmanian adults not being able to read at a proficient level, and strong data around the benefits of reading in terms of gaining meaningful employment as well for general liveability, then there needs to be some intervention in this area that is accommodating and a place people enjoy.

Through running Treat Yo' Shelves, the bookstore and cafe not only create an environment where people want to come, relax and browse, it creates a consistent revenue stream that allows for reading programs to be delivered. With a focus on young adults and young parents as target customers, the store will create an engaging and vibrant atmosphere that will see people want to and enjoy reading - which is key to unlock their full potential.



## BACKGROUND RESEARCH

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