

BACKGROUND TO:

JOANNA'S TOYS & BOOKS

Joanna's Toys & Books is a retail shop in the shopping centre of West River that has operated for well over five years. It caters primarily to the 5-15 age market and is a small business owned and operated by Joanna Q Betts.

Joanna has never really made more than a healthy wage from the business. However, Joanna has never made a profit out of it and has never had time off for a reasonable holiday of more than three days. If she has time off the shop has to close for her.

Joanna knows that the business cannot keep on performing at this relatively low level – either it will kill her or she will kill it.

Something has to change.

Action Planning Example

Joanna's Toys & Books is a Retail Shop business and a simple example.

Financially, it consists of a single budget, having no multi divisional reporting.

JOANNA'S TOYS & BOOKS

**Management Action Plan
for the year ending 30 June 2005**

JOANNA'S TOYS & BOOKS

Management Action Plan for the year ending 30 June 2005

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JOANNA'S TOYS & BOOKS

Plan Overview

Background of the Organisation

Joanna's Toys & Books is a retail shop in the shopping centre of River West that has operated for well over five years. It caters primarily for the 5-15 year age market and is a small business owned and operated by Joanna Q Betts.

Situation Analysis in Brief

Joanna has never really made more than a healthy wage from the business. Furthermore, Joanna has never made a profit out of it and has never had time off for a reasonable holiday of more than three days.

Joanna knows that the business cannot keep on performing at this relatively low level - either it will kill her or she will kill it. Something has to change.

Goals for the next year in Brief

The goals for the coming year are:

- 1) To lay the foundation for profitability and for more leisure time for Joanna.
- 2) To ensure that with the above twin goals that the business becomes stronger and better managed.
- 3) To ensure that the business incorporates systems to allow the above to be accomplished.

Our Strategies

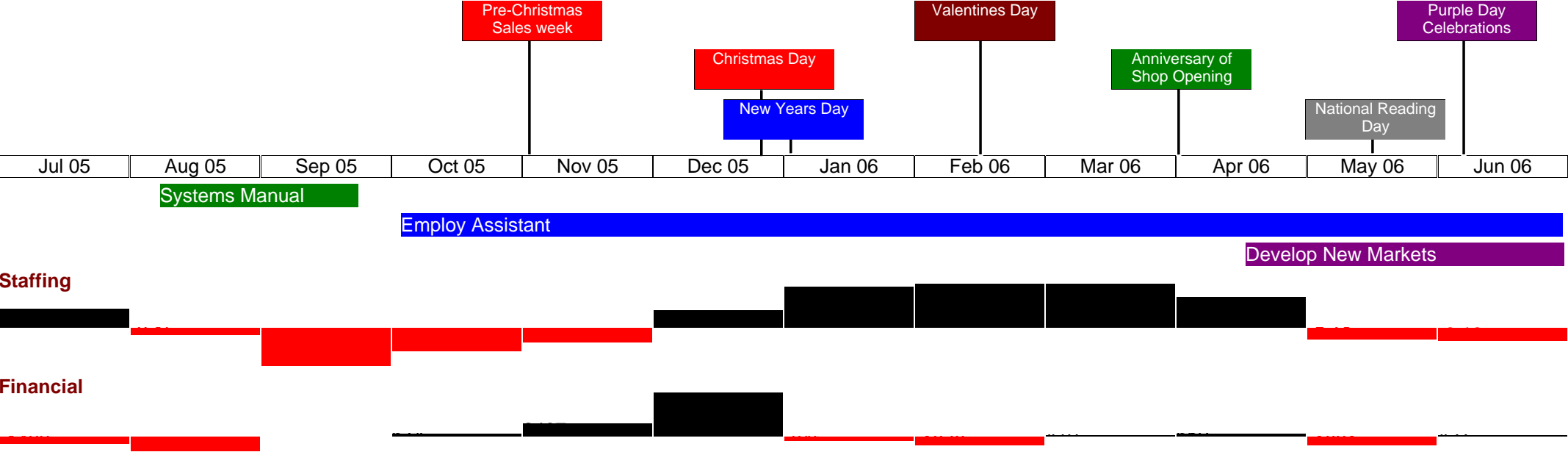
To ensure that the above goals are accomplished, the following strategies will take place:

- 1) To review the business and set up a preliminary systems manual as to how the shop is run. These systems will include:
 - 1) How to purchase supplies on a systematic and efficient basis, including negotiation.
 - 2) How to sell, the techniques and the product.
 - 3) How to market the image of Joanna's Toys & Books.
 - 4) How to manage the finances, including the bookkeeping.
- 2) Once the preliminary systems manual is complete, investigate and employ a sales assistant. The sales assistant is the first employee of the business. The rationale behind this move is to train the assistant in the operations of the business, thereby taking some of the 'hands-on' responsibility off Joanna and to allow Joanna to concentrate on further developing the business.
- 3) Investigate developing additional markets, particularly the internet for some of the exclusive toy product ranges that Joanna has available.

JOANNA'S TOYS & BOOKS

Strategy Plan Chart

for the period from 01 Jul 2005 to 30 Jun 2006



JOANNA'S TOYS & BOOKS

Target Listing in date order for the Period Commencing: Jul 2005

Due Date	Target Description	Project Id	Manager
15/08/2005	Buy application software	Systems Manual	Joanna Q Betts
26/08/2005	Learn to use software	Systems Manual	Joanna Q Betts
23/09/2005	Complete Manual	Systems Manual	Joanna Q Betts
12/10/2005	Advertise for position	Employ Assistant	Joanna Q Betts
31/10/2005	Employ new sales assistant	Employ Assistant	Joanna Q Betts
9/12/2005	Training complete	Employ Assistant	Joanna Q Betts
26/05/2006	Complete research suppliers	Develop New Markets	Joanna Q Betts

JOANNA'S TOYS & BOOKS

Operations Plan

Situation Analysis

The business has operated on the basis that Joanna has to work hard in the business for little reward in terms of either profitability or just enjoyment. This has to change.

All operational procedures are in Joanna's head - if she were to need an extended break from the business due to illness it would be difficult for someone to takeover. If she were to tragically die or become incapacitated her family would lose all the value of goodwill that Joanna has built as it would be difficult to sell the business without the knowledge of who to buy from, what to buy, when to buy and what deals Joanna has been able to negotiate. Furthermore, it would be difficult to operate the other management systems, such as bookkeeping.

Goals for the next year

To create a systems manual so that anyone can just takeover should they need to.

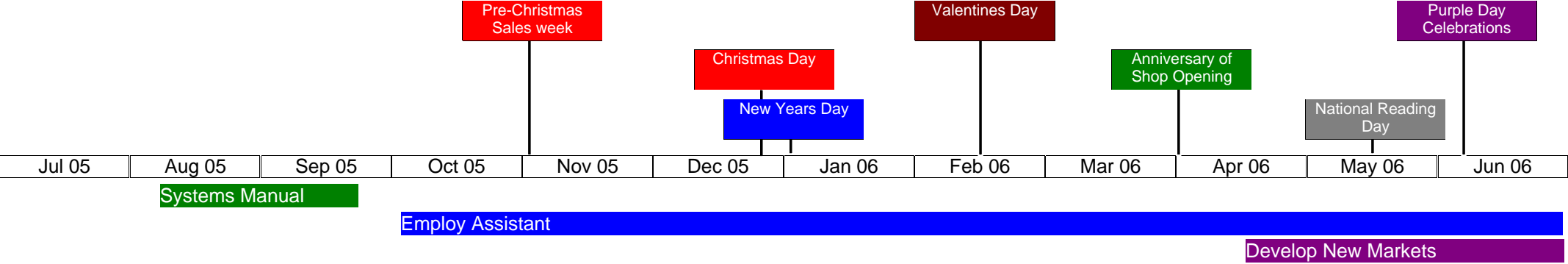
Our Strategies

During the period of the year when sales are at their traditionally lowest, spend some time in creating the systems manual. It should be noted that there are a number of useful software packages that make the compilation of a manual more efficient than simply that of using a word processing package.

JOANNA'S TOYS & BOOKS

Project Chart

for the period from 01 Jul 2005 to 30 Jun 2006



JOANNA'S TOYS & BOOKS

Projects for the Period Commencing: Jul 2005

<u>Date</u>	<u>Project Id</u>	<u>Short Description</u>
17/04/2006	Develop New Markets	Investigate new markets for Joanna's Toys & Books and develop a marketing plan for the coming year.
3/10/2005	Employ Assistant	Employ a sales assistant and train them in the operating the shop
8/08/2005	Systems Manual	Develop a business systems manual. This manual should encompass all business operational functions.

JOANNA'S TOYS & BOOKS

Project Report for Develop New Markets

Period: 17/04/2006 - 30/06/2006

Manager: Joanna Q Betts

Description and Rationale

Investigate the current markets that Joanna's Toys & Books services and search for any ability to:

- 1) Increase the sales into those markets by new products & value adding;
- 2) Sell existing products into new, previously untapped, markets.

This investigation will also look at reviewing the ability to utilise the internet for sales and / or supply of product.

Possibly the first thing to do is to contact some of suppliers and discuss with them any potentialities.

Financial Costs

<u>Details</u>	<u>Account Charged</u>	<u>Amount \$</u>
Travel costs to suppliers	Travel & Accomodation	1,000
	Total	1,000

Personnel Details

<u>Personnel</u>	<u>Work Details</u>	<u>Hours</u>
Joanna Q Betts	Meetings with Suppliers	33
Joanna Q Betts	Further researching	33
	Total	66

Target Settings

<u>Target</u>	<u>Due Date</u>	<u>Est % Complete</u>
Complete research suppliers	26/05/2006	30%

JOANNA'S TOYS & BOOKS

Project Report for Employ Assistant

Period: 3/10/2005 - 30/06/2006

Manager: Joanna Q Betts

Description and Rationale

Investigate the type of sales assistant that is required by the shop and advertise and then seek an employee that meets the needs of Joanna's Toys & Books.

It is noted that the sales assistant is the first employee of the business. The rationale behind the move is to train the assistant in the operations of the business thereby taking some of the 'hands-on' responsibility off Joanna and in turn allowing Joanna to concentrate on further developing the business.

It is expected that no new sales will be generated until at least the beginning of February due to the new employee. In February, due to better sales practices, it is expected that approximately \$2,000 of new sales will be generated.

Financial Costs

<u>Details</u>	<u>Account Charged</u>	<u>Amount \$</u>
Advertise position	Advertising & Promotion	250
Induction costs - new employee	General Expenses	250
Wages new employee	Wages for Employees	10,500
Cost of purchases of new sales	Purchases	6,000
	Total	17,000

Project Income

<u>Details</u>	<u>Account Charged</u>	<u>Amount \$</u>
Extra Sales from new employee	Sales	10,000
	Total	10,000

Personnel Details

<u>Personnel</u>	<u>Work Details</u>	<u>Hours</u>
Joanna Q Betts	Review position needs	4
Joanna Q Betts	Compose advertisement	4
Joanna Q Betts	Interview applicants	12
Joanna Q Betts	Induction new employee	2
Joanna Q Betts	Train new employee	20
New Sales Assistant	Train new employee	20
	Total	62

Target Settings

<u>Target</u>	<u>Due Date</u>	<u>Est % Complete</u>
Advertise for position	12/10/2005	5%
Employ new sales assistant	31/10/2005	60%
Training complete	9/12/2005	100%

JOANNA'S TOYS & BOOKS

Project Report for Systems Manual

Period: 8/08/2005 - 23/09/2005

Manager: Joanna Q Betts

Description and Rationale

Develop a business systems manual. The manual will encompass all the business operational functions including:

- How to purchase supplies on a systematic and efficient basis including negotiation;
- How to sell, the techniques and the product;
- How to market the image of Joanna's Toys & Books;
- How to manage the finances, including the bookkeeping.

It is expected that this systems manual will only be the first draft and that it will have to be continually updated. The goal is that this manual can be given to new employees for them to become accustomed to standardised procedures to increase efficiencies.

Financial Costs

<u>Details</u>	<u>Account Charged</u>	<u>Amount \$</u>
Manual software application	Office Equipment	1,200
Office Stationery for Manual	Office Expenses	250
	Total	1,450

Personnel Details

<u>Personnel</u>	<u>Work Details</u>	<u>Hours</u>
Joanna Q Betts	Research application software	6
Joanna Q Betts	Learn to use software	8
Joanna Q Betts	Compile the Manual	30
	Total	44

Target Settings

<u>Target</u>	<u>Due Date</u>	<u>Est % Complete</u>
Buy application software	15/08/2005	10%
Learn to use software	26/08/2005	30%
Complete Manual	23/09/2005	100%

JOANNA'S TOYS & BOOKS

Marketing Plan

Situation Analysis

Joanna's Toys & Books is located in West River Shopping Centre. There are no other speciality Toy shops. However, there are:

- 2 main general discount stores that have large ranges of toys and childrens books; and
- 1 bookshop that covers all genres and markets.

Joanna's Toys & Books has traditionally serviced the 5 - 15 year age market. This has been accomplished by providing a very personalised service in keeping an excellent customer data base and letting parents know what is coming up in toys and books that may be suitable for their children.

Goals for the next year

To keep the image of the shop consistent with its past successes.

To ensure that customers are happy and keep on coming back.

Our Strategies

To continue to monitor and maintain the shops data base.

Importantly, towards the end of the financial year, commence investigate developing a marketing plan for the shop. It is recognised that this is a longer term project. To undertake it properly, the project will commence after a sales assistant is hired so as to ensure that Joanna has more available time to concentrate on this much needed area of the business. Note it is understood that the project will commence towards the end of the current financial year and continue for a further 3 months.

JOANNA'S TOYS & BOOKS

Staffing Plan

Situation Analysis

Joanna is currently the only staff member and working 50 hours a week. It is too much and she understands that 'burn-out' is just around the corner if something isn't done sooner.

Goals for the next year

To ensure that Joanna regains sanity.

By mid year have employed an effective new employee sales assistant.

By the end of the year have the sales assistant take over sufficient work so that the Joanna can commence working on the business more.

Our Strategies

Employ and train a new sales assistant by Christmas. As part of the training employ the new shop systems manual and have the sales assistant recognise that all procedures have to be followed consistently.

Availability Chart	Productivity Legend																
	Normal	Under 100%	Over 100%														
Name	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06					
Joanna Q Betts	Normal	Under 100%	Over 100%	Over 100%	Under 100%	Under 100%	Normal	Normal	Normal	Under 100%	Over 100%	Over 100%					
New Sales Assistant	Normal	Normal	Normal	Normal	Under 100%	Under 100%	Normal	Normal	Normal	Normal	Normal	Normal					

JOANNA'S TOYS & BOOKS

Estimated staffing productivity capacity in hours with projects for the period from 01 Jul 2005 to 30 Jun 2006

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Name	Productivity Estimate	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06
Joanna Q Betts	90%	195	195	195	195	195	150	184	195	195	195	195	195
New Sales Assistant	80%	0	0	0	0	67	54	66	70	70	70	70	70
Total Productive Hours		195	195	195	195	263	204	249	265	265	265	265	265
Project													
Systems Manual		0	14	30	0	0	0	0	0	0	0	0	0
Develop New Markets		0	0	0	0	0	0	0	0	0	7	29	30
Employ Assistant		0	0	0	22	30	8	0	0	0	0	0	0
Total Project Hours		0	14	30	22	30	8	0	0	0	7	29	30
Total Work Hours		195	209	225	217	293	212	249	265	265	272	294	295
Threshold Hours (95%)		206	206	206	206	286	222	272	289	289	289	289	289
Capacity Surplus (Deficit)		11	-3	-19	-11	-7	10	23	24	24	17	-5	-6

JOANNA'S TOYS & BOOKS

Responsibility Checklist for Joanna Q Betts

Project	Reporting To	Hrs	Dates	Task Description
Develop New Markets	Joanna Q Betts	33	24/04/2006 - 26/05/2006	Meetings with Suppliers
Develop New Markets	Joanna Q Betts	33	29/05/2006 - 30/06/2006	Further researching
Employ Assistant	Joanna Q Betts	4	3/10/2005 - 7/10/2005	Review position needs
Employ Assistant	Joanna Q Betts	4	10/10/2005 - 10/10/2005	Compose advertisement
Employ Assistant	Joanna Q Betts	12	17/10/2005 - 28/10/2005	Interview applicants
Employ Assistant	Joanna Q Betts	2	28/10/2005 - 31/10/2005	Induction new employee
Employ Assistant	Joanna Q Betts	20	1/11/2005 - 9/12/2005	Train new employee
Systems Manual	Joanna Q Betts	6	8/08/2005 - 12/08/2005	Research application software
Systems Manual	Joanna Q Betts	8	17/08/2005 - 26/08/2005	Learn to use software
Systems Manual	Joanna Q Betts	30	5/09/2005 - 23/09/2005	Compile the Manual

JOANNA'S TOYS & BOOKS

Financial Plan

Situation Analysis

Joanna's Toys & Books has been trading profitably over the last three years, although this profit is largely fed back into the business. Accordingly, Joanna has only been working for a wage and is still to see a return on her investments.

Cash flow is generally positive, with most capital requirements coming directly out of profits - there is no debt.

Goals for the next year

To ensure that new projects costs are paid for out of profits.

To track the financial cash flows of the business and maintain profitability.

Our Strategies

To continue monitoring the financial records on a timely basis and analyse.

JOANNA'S TOYS & BOOKS

Forecast Profit and Loss Statement

for the period from 01 Jul 2005 to 30 Jun 2006

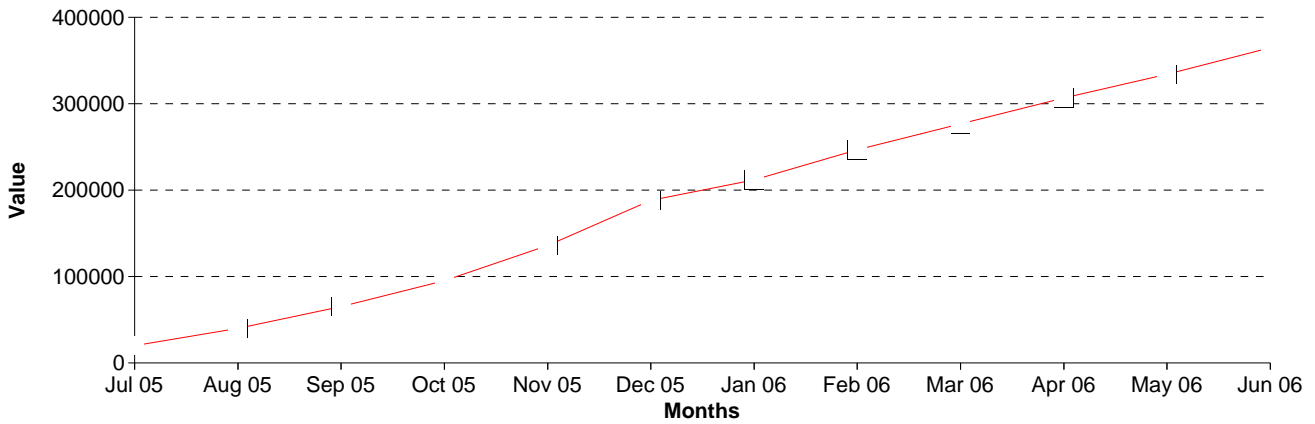
			Prior Period Actual	Forecast YTD
Income				
1000	Sales		355,000	364,996
			<u>355,000</u>	<u>364,996</u>
Cost Of Goods				
2000	Opening Trading Stock		11,000	16,000
2100	Purchases		218,000	218,997
2800	Closing Trading Stock		(16,000)	(15,000)
			<u>213,000</u>	<u>219,997</u>
Gross Profit			142,000	144,999
Overheads				
4020	Advertising & Promotion		8,800	8,250
4218	Directors Salaries for Joanna		58,000	57,996
4320	General Expenses		0	250
4370	Insurance		2,300	2,600
4490	Lighting & Power		2,400	2,400
4510	Motor Vehicle Expenses		5,200	5,196
4550	Office Expenses		2,760	3,010
4680	Rent Shop Expenses		48,000	48,000
4840	Travel & Accomodation		0	999
4890	Wages for Employees		0	10,496
			<u>127,460</u>	<u>139,197</u>
Net Profit/(Loss)			14,540	5,802

Graphical Analysis

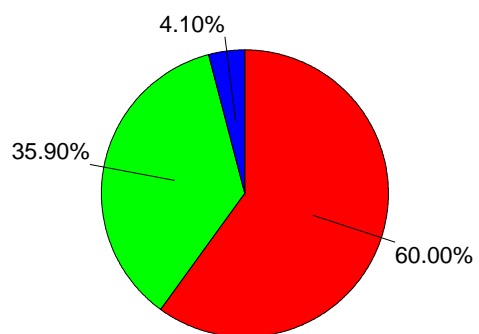
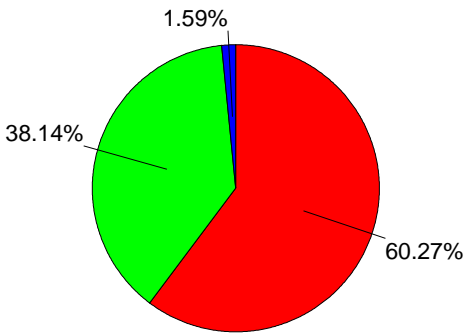
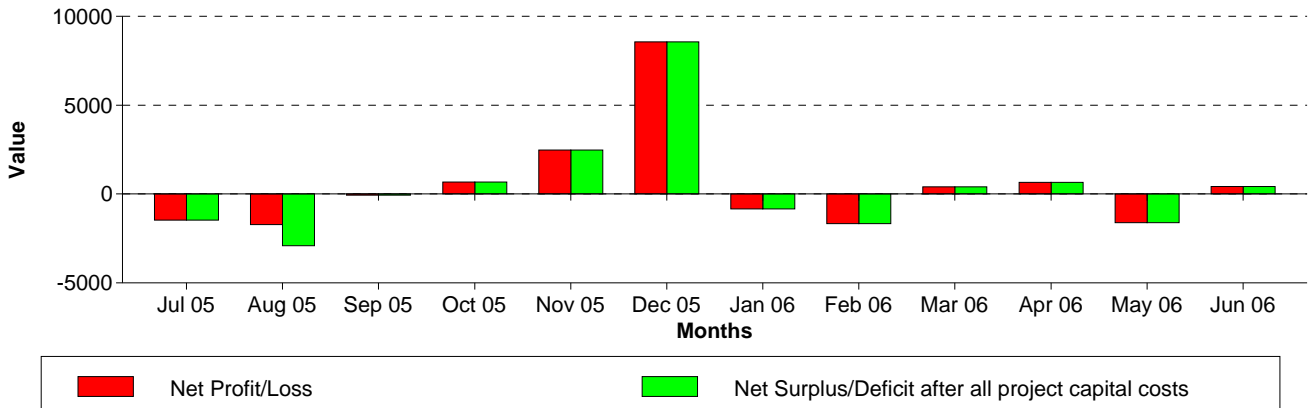
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Forecast Cumulative Sales



Forecast Profitability



Forecast Costs as a % of Sales

Actual Costs as a % of Sales for the Prior Period

JOANNA'S TOYS & BOOKS

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Budget for the period from 01 Jul 2005 to 30 Jun 2006

		Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Total YTD
Income														
1000	Sales	20,000	20,000	25,000	30,000	41,000	52,000	24,000	33,000	28,000	28,000	25,000	29,000	355,000
		20,000	20,000	25,000	30,000	41,000	52,000	24,000	33,000	28,000	28,000	25,000	29,000	355,000
Cost Of Goods														
2000	Opening Trading Stock	16,000	16,000	16,000	16,000	16,000	15,000	8,000	16,000	15,000	15,000	15,000	15,000	16,000
2100	Purchases	12,000	12,000	15,000	18,000	24,000	24,000	22,000	19,000	17,000	17,000	15,000	18,000	213,000
2800	Closing Trading Stock	(16,000)	(16,000)	(16,000)	(16,000)	(15,000)	(8,000)	(16,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
		12,000	12,000	15,000	18,000	25,000	31,000	14,000	20,000	17,000	17,000	15,000	18,000	214,000
Gross Profit														
		8,000	8,000	10,000	12,000	16,000	21,000	10,000	13,000	11,000	11,000	10,000	11,000	141,000
Overheads														
4020	Advertising & Promotion	0	0	0	1,000	3,000	1,000	0	2,000	0	0	1,000	0	8,000
4218	Directors Salaries for Joanna	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	57,996
4320	General Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
4370	Insurance	0	0	0	0	0	0	0	2,600	0	0	0	0	2,600
4490	Lighting & Power	0	0	600	0	0	600	0	0	600	0	0	600	2,400
4510	Motor Vehicle Expenses	433	433	433	433	433	433	433	433	433	433	433	433	5,196
4550	Office Expenses	200	200	200	560	200	200	200	200	200	200	200	200	2,760
4680	Rent Shop Expenses	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
4840	Travel & Accomodation	0	0	0	0	0	0	0	0	0	0	0	0	0
4890	Wages for Employees	0	0	0	0	0	0	0	0	0	0	0	0	0
		9,466	9,466	10,066	10,826	12,466	11,066	9,466	14,066	10,066	9,466	10,466	10,066	126,952
Profit Before Projects														
		(1,466)	(1,466)	(66)	1,174	3,534	9,934	534	(1,066)	934	1,534	(466)	934	14,048
Project Income														
	Employ Assistant	0	0	0	0	0	0	0	1,586	2,137	2,068	2,137	2,068	9,996
		0	0	0	0	0	0	0	1,586	2,137	2,068	2,137	2,068	9,996
Project Costs														
	Develop New Markets	0	0	0	0	0	0	0	0	0	368	631	0	999

Last Reviewed:

JOANNA'S TOYS & BOOKS

Budget for the period from 01 Jul 2005 to 30 Jun 2006

	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Total YTD
Project Costs													
Employ Assistant	0	0	0	500	1,067	1,379	1,379	2,196	2,661	2,575	2,661	2,575	16,993
Systems Manual	0	1,450	0	0	0	0	0	0	0	0	0	0	1,450
	0	1,450	0	500	1,067	1,379	1,379	2,196	2,661	2,943	3,292	2,575	19,442
Surplus/(-Deficit)	(1,466)	(2,916)	(66)	674	2,467	8,555	(845)	(1,676)	410	659	(1,621)	427	4,602

JOANNA'S TOYS & BOOKS

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Profit Analysis for the period from 01 Jul 2005 to 30 Jun 2006

	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Total YTD	
Income														
1000	Sales	20,000	20,000	25,000	30,000	41,000	52,000	24,000	34,586	30,137	30,068	27,137	31,068	364,996
		20,000	20,000	25,000	30,000	41,000	52,000	24,000	34,586	30,137	30,068	27,137	31,068	364,996
Cost Of Goods														
2000	Opening Trading Stock	16,000	16,000	16,000	16,000	16,000	15,000	8,000	16,000	15,000	15,000	15,000	15,000	16,000
2100	Purchases	12,000	12,000	15,000	18,000	24,000	24,000	22,000	19,951	18,282	18,241	16,282	19,241	218,997
2800	Closing Trading Stock	(16,000)	(16,000)	(16,000)	(16,000)	(15,000)	(8,000)	(16,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
		12,000	12,000	15,000	18,000	25,000	31,000	14,000	20,951	18,282	18,241	16,282	19,241	219,997
Gross Profit		8,000	8,000	10,000	12,000	16,000	21,000	10,000	13,635	11,855	11,827	10,855	11,827	144,999
Overheads														
4020	Advertising & Promotion	0	0	0	1,250	3,000	1,000	0	2,000	0	0	1,000	0	8,250
4218	Directors Salaries for Joanna	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	4,833	57,996
4320	General Expenses	0	0	0	250	0	0	0	0	0	0	0	0	250
4370	Insurance	0	0	0	0	0	0	0	2,600	0	0	0	0	2,600
4490	Lighting & Power	0	0	600	0	0	600	0	0	600	0	0	600	2,400
4510	Motor Vehicle Expenses	433	433	433	433	433	433	433	433	433	433	433	433	5,196
4550	Office Expenses	200	450	200	560	200	200	200	200	200	200	200	200	3,010
4680	Rent Shop Expenses	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000
4840	Travel & Accomodation	0	0	0	0	0	0	0	0	0	368	631	0	999
4890	Wages for Employees	0	0	0	0	1,067	1,379	1,379	1,245	1,379	1,334	1,379	1,334	10,496
		9,466	9,716	10,066	11,326	13,533	12,445	10,845	15,311	11,445	11,168	12,476	11,400	139,197
Net Profit/(Loss)		(1,466)	(1,716)	(66)	674	2,467	8,555	(845)	(1,676)	410	659	(1,621)	427	5,802
Capital														
6620	Office Equipment	0	1,200	0	0	0	0	0	0	0	0	0	0	1,200
		0	1,200	0	0	0	0	0	0	0	0	0	0	1,200
Net Surplus		(1,466)	(2,916)	(66)	674	2,467	8,555	(845)	(1,676)	410	659	(1,621)	427	4,602