

Charged Business Plan

Lewis Ainsworth
Word Count: 2993



Table of Contents

<i>Executive Summary</i>	3
<i>Owners Background</i>	3
<i>Products</i>	3
<i>The Market</i>	4
<i>Market Research</i>	5
<i>Marketing Strategy</i>	6
Social media & clear channel adverts	6
Influencer marketing.....	6
Search Engine Marketing (SEM).....	6
<i>Competitor Analysis</i>	8
Competitors	8
SWOT analysis	9
Unique Selling Point (USP)	9
<i>Operations & Logistic</i>	9
Production & supply	9
Delivery to customers	10
Payment	10
Premises & equipment.....	10
Legalities.....	10
Management.....	11
<i>Timeline</i>	11
<i>Financial Forecast</i>	12
<i>Conclusion</i>	14
<i>References</i>	15

Executive Summary

Charged is an electric skateboard brand designed to challenge the status quo of Powered Light Electric Vehicle (PLEV) transport. We aim to deliver competitive prices with our first-generation board starting at £550 with next-day delivery available. Our boards will enable students and commuters to travel to and from university or work much quicker and more effectively than walking, using public transport or using their own car in heavily pedestrianised towns and cities.

Owners Background

I decided to create 'Charged' due to my personal experience living in Winchester. I'm currently study BSc Computer Aided Design at the University of Winchester (UoW) and have a part-time job as a Design Consultant at Wickes. Due to the nature of my job, I am required to own a valid driver's licence and a car to get myself to and from home survey visits. However, whilst I own a car, I find it incredibly difficult to get around Winchester without paying extortionate parking fees, get stuck in the one-way system, or not being able to use the car at all. Furthermore, the University car park prohibits student residents of Winchester from applying for a parking permit making it more difficult for myself to get around Winchester. I created Charged to be an electric skateboard specifically aimed for students and commuters to get to and from their place of work quicker, cheaper, and less stressful than risking a parking charge or arriving late due to the long walk.

Products

Due to the nature of the business, we will only sell electric skateboards and replacement products/accessories at this current stage rather than a service. The pilot product will be the first-generation of Charged electric skateboards priced at £550, designed for students and commuters with the aim of expanding the business into the e-bike and e-scooter market once we establish our brand in the UK market. Additionally, we will also sell accessories and replacement parts to show our audience that our boards will be easily customisable and repaired. Although our intentions are to create a product which is accessible and easily repaired, certain components such as the motors, chains and electrical wiring are not as easily replaced by consumers. For this reason, we will look to expand the business in year 3 onwards, to provide a repair service if an issue or fault arises within the components that aren't easily repaired by the consumer. However, we will only expand the business into this area once the business model has proven successful and market share has been established since the financial requirements to provide this extended service are significant.

As with any business model, the second generation of electric skateboard will aim to be more efficient and stylish once feedback and data is received

from the first-generation boards. As previously mentioned, I will be responsible for the designing and since the warehousing and staffing will have been established in the first year, there will be minimal financial requirements when creating a second-generation skateboard. The main adjustment will be increased machining costs and battery supply from creating the second-generation board depending on what changes are made in accordance with the feedback. The second-generation board will also aim to target a larger audience, possibly 14–30 year olds if the research shows there is potential in this range.

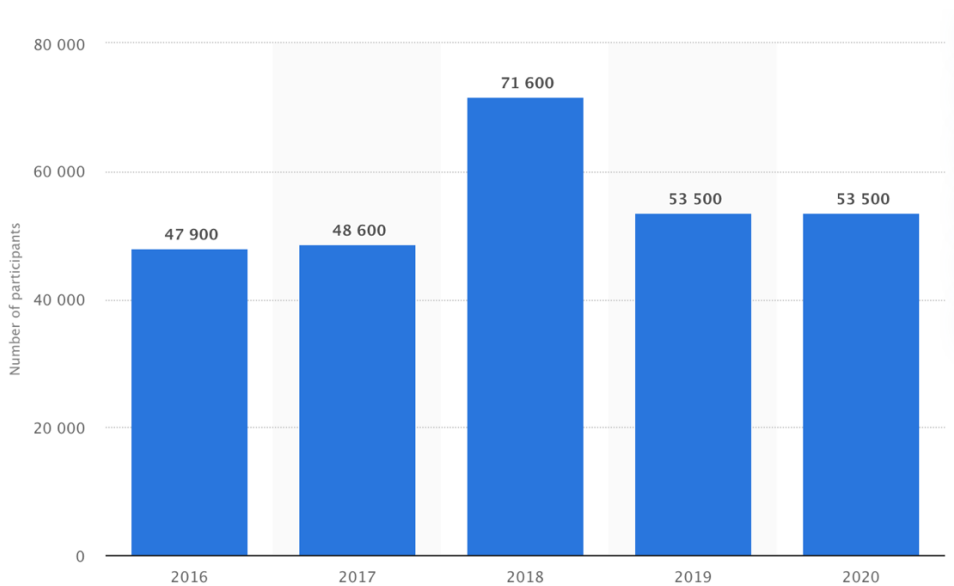
The Market

The intended market for Charged electric boards are students and commuters aged 16-25. We have also made an intentional design decision of finishing the product in neutral tones to show our products are not gender specific allowing us to reach a wider audience. Ideally, we would like to target the board towards individuals who do not own a car and have an annual income from their part-time jobs of greater than £6,000 in addition to their maintenance loans provided by Student Finance England. The reason for this is because our boards will start at £550 and will be a significant investment for any student with less than the £6000 part-time income as explained later in this plan.

Additionally, marketing and advertising will need to be carefully considered since some towns and cities, such as Winchester, are heavily designed around pedestrian use, driving an increase in product sales. Places such as Southampton or Bournemouth where urban design and layout is heavily focused around public transport and vehicle use will result in less sales due to the increase in vehicle ownership and use. Once charged has established a significant market share, we would look at designing boards more efficient and easier to use/control for the ages above 25+ who have a larger disposable income compared to students. This may allow us to target advertising towards areas such as Southampton, resulting in a gentle increase in sales.

Market Research

Fig 1. Number of people participating in skateboarding in England from 2016 to 2020.



Our initial market research showed that an average of 53,500 people use a skateboard for any duration per month in 2020 (Lange, 2020). This suggests that the charged electric skateboard has potential to thrive and succeed in the UK market but also contribute to growing this statistic and promote the use of more sustainable mode of transport. 53,500 monthly skateboard users is approximately 0.089% of the UK population. If we assume that we can attain 0.089% of 2.38 million students to purchase and use a Charged electric skateboard, we could approximately sell 26,741 units in the UK alone. (Universities UK, 2021)

Bolton (2021) shows that the average student finishes their degree £45,000 in debt. This shows that each student per year receives an average maintenance loan of £5750. This means that the average maintenance loan of £5750, plus a part-time salary of £6000, will provide students with an annual income of £11,750. Once the average living costs of £810 per month is deducted, students could be left with a disposable income of £2030 per year (Save the Student, 2019). Henceforth, we decided to price our board at £550 which shows strong market presence with competitive prices and only 25% of a student's disposable annual income.

Marketing Strategy

Social media & clear channel adverts

Firstly, to reach our target audience we will use social media platforms such as Instagram, Facebook and Snapchat as an advertising tool paying strong attention to our branding guidelines seen below in figure 2, when creating our adverts. Social media adverts will prove extremely beneficial for the company in the early stages of production to raise brand awareness and recognition and drive the initial sales. Alongside social media advertising, we aim to utilise the clear channel advertising networks who control the electronic advertisement boards that are displayed around bus stops and shopping centres. This will help reach the individuals who go out to town or travel on public transport in their spare time or on their way to work who perhaps do not use social media.

Influencer marketing






A highly recognised US brand known as Boosted Boards, utilised YouTube and Instagram influencers such as Casey Neistat to showcase their electric skateboard to their large audience base. This allowed Boosted Boards to grow their brand awareness, recognition, and sales through selecting the right influencers to drive their sales. Charged aims to utilise the same marketing technique in the UK to raise our own recognition and awareness as well as use the technique to collect feedback from the influencers and their followers

Search Engine Marketing (SEM)

Search Engine Marketing/Optimisation (SEM/SEO) is the technique of optimising and configuring the domain name, web host, user experience and installing various SEO plugins. As a result, the Charged webpage will be presented at the top of the search results list amongst competitors when a user searches keywords such as 'skateboard' or 'e-board'. This allows us to be more present on platforms such as Google and Safari and create consistent website traffic to allow our business to grow.

Fig 2. Charged Branding Guideline



 CHARGED CHARGED	 CHARGED CHARGED		
			
RGB #000000 CMYK 0,0,0,100	RGB #E9D912 CMYK 5,0,90,10	RGB #FCEA10 CMYK 5,0,90,0	RGB #FFFFFF CMYK 0,0,0,0

AaBbCc 01234

Primary Typeface: Montserrat

LIGHT

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REGULAR

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Competitor Analysis

Competitors

The current competitors are Boosted Boards and Black Hawk Electric who provide electric longboards for a very similar audience. The main difference between our competitors and Charged is we aim to provide a more portable and affordable electric skateboard featuring a smaller form factor compared to longboards.

Boosted Boards gained popularity in 2015 after a famous YouTuber known as Casey Neistat reviewed and often showcased a collection of Boosted boards on his YouTube channel. As a result, sales grew exponentially, and the company created many new versions after the success of the first model. However, the production of numerous models and the lockdowns caused by the COVID-19 outbreak forced the company to go bankrupt and sell the assets to Boosted USA. They marketed their premium longboards between £800-1300 which is an extortionate amount of money for any student or commuter to invest in. However, Boosted Boards boasts quality and durability and established strong relationships with their consumers to create a loyal customer base.

Black Hawk Electric produce longboards ranging from £400-700 and has strong USP's for the UK market such as affordability and durability. Founded by two brothers in 2016, Black Hawk Electric has over 5 years of experience in the UK market and sold over 10,000 e-bikes giving them an advantage when it concerns industry knowledge and technology. However, with our SEO and influencer marketing strategy, we believe we will attain a large proportion of market share in the UK and the US markets. This will help create a brand not only focused on producing and servicing e-skateboards but also an all-round PLEV company providing all electrical modes of transport to our consumers in future years.

SWOT analysis

STRENGTHS

- Affordable
- Non-gender specific designs
- Portable and easy to use
- Next day delivery
- Easily repaired and replacement parts available

WEAKNESSES

- Lack of industry knowledge
- Lack of infrastructure and warehousing
- Expensive delivery service

OPPORTUNITIES

- Working with influencers and media creators
- Build a strong online presence
- Challenge the status quo of PLEV use
- Build strong relationships/partnerships with retailers

THREATS

- Costly start-up
- Slow growth in sales and market share percentage.
- Lack of buying power (global shortage of Lithium-Ion batteries)

Unique Selling Point (USP)

In order to stand out amongst Boosted Boards and Black Hawk Electric, we will have numerous key benefits and USP's. Our current competitors offer electric longboards and 'penny' boards (small skateboards) but do not offer good quality, affordable electric skateboards with features that make the ride safe and enjoyable. Therefore, our main USP will be our products portability and ease of use to create an enjoyable experience for any rider. Furthermore, parts will be readily available to consumers to replace faulty or worn-down components on their electric skateboard with the option for next day delivery on all products and components available on our website, adding another USP to our business proposal

Operations & Logistic

Production & supply

Our product will be divided into two categories: electrical components and pre-manufactured components. Our electrical components such as the batteries, motors and chargers will be sourced from suppliers in China. Pre-manufactured components such as the wheels, trucks and board will be sourced preferably from local suppliers to reduce our ecological footprint since we plan to import components from China. Also, our suppliers may require an upfront payment which we will carefully consider in our Kickstarter campaign to cover the costs for the first supplier order.

Delivery to customers

All our products and components will have a next-day delivery or a standard 3-5 working day delivery option. Since the boards will be pre-assembled, UPS have quoted us for large parcels ranging from £7.89-15.59 depending on the delivery option selected. The plan is to include the standard delivery charge in the cost of the product; however, if the user wants to upgrade to next day delivery, we will require an additional £4.99 to accommodate for this extra charge.

Payment

Products available to purchase through our website will require a full upfront payment or the consumer will have the option to use a monthly payment provider such as Klarna. This means we still receive the full payment from Klarna, but the third-party payment provider will communicate with the user after purchase to request short term monthly repayments. Although, if you prefer to Buy Now Pay Later or interest-bearing finance plans to give you more time to pay for the product, Halfords will offer this plan for our products once we secure a deal with the retailer.

Premises & equipment

After conducting a brief search at warehousing space in Winchester, the most appropriate unit available is a 10,250 square foot warehouse, costing £110,000 per annum which can be sustained according to our financial provided the sales remain on target throughout the year. The floorspace will provide us with the room for stock, soldering bays, assembling bays, offices, and space for expansion once the business has grown. With regards to equipment, we will need to purchase soldering gear, electrical components, and tools to create workstations and possibly purchase a pallet/pump truck to move pallets of stock around the warehouse to reduce strain on our staff members.

Legalities

The use of privately owned PLEV's on public roads and pavements is against the law but is due to be reviewed by the government in June 2022. After conducting research, it is difficult to attain a definite answer around the laws of PLEV's; however, the UK is the last remaining country in Europe where PLEV's are banned in public spaces creating a strong argument for lifting the restrictions. Southampton and London are also trialling rental e-scooters which have proven to be very successful after launch and is expanding its network into other major cities and towns. The main concern over privately owned PLEV's is there is no speed limiter allowing the user to reach speeds as high as 30mph, but rental e-scooters are limited to 12.5mph. This may suggest that the government intends to lift restrictions on PLEV's provided they are limited to 12.5mph but until June 2022 there is no definitive answer. It is important to note that companies and retailers are allowed to sell PLEV's but can only be used legally on private land.

Management

The plan is to hire two full-time product assemblers with experience in electrical/soldering work and offer a salary of £21,000. If demand increases above our expectation, there is budget left over at the end of the first year to hire another product assembler to improve our supply and potentially increase our expected sales forecast. Since I will be managing the company as the founder and dealing with the back end of the business, I have included my salary of £25,000 in the 2-year financial forecast.

Timeline

Figure 3 shows our time plan for starting and progressing the business for the next two years in line with our financial forecasts. Key points to focus on are the initial designs that will need to be finalised by July and the campaign funding to be received by September to order the first load of components and to have a finalised design ready to assemble. Dates or events that might change is our talks with Halfords which is planned for January 2024 (one full year since going live), but this date may change depending on the availability of Halfords and our financials.

Fig 3. Timeline 2022 - 2024

CHARGED TIMELINE	
DATE	PLANNED EVENT/TASK
JUNE 22	First generation board designed - kickstarter campaign goes live
JULY 22	Final designs - manufacture talks to begin - warehousing search
SEPT 22	Kickstarter funding received - finalising on warehouse space - interviews begun
NOV 22	First delivery accepted - product assemblers hired
JAN 23	First Gen boards go live - marketing strategy goes live
MAY 23	Summer adverts and sales begin
NOV 23	Second delivery accepted - christmas advertising
JAN 24	Talks with Halfords to begin
APRIL 24	Second gen board design to begin
MAY 24	Second year summer adverts to begin

Financial Forecast

Our financial forecast breaks down the revenue and expenses for the next two years. As you can see from the figure below, in the first year we turnover £33,760 due to our Kickstarter campaign providing foundations to work upon. In the second year we turnover £9,370 profit which may seem low compared to the first year; however, this is due to the Kickstarter grant no longer present in the second year. Furthermore, we aim to increase our units sold per month by 20% in the second year to close in on our target of £1 million revenue by the end of year 3.

2 Year financial forecast

Business Name: CHARGED

FIRST YEAR FINANCIALS

REVENUE	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
UNITS SOLD	72	72	80	96	96	160	160	224	160	96	72	144	1432
NET SALES	39,600	39,600	44,000	52,800	52,800	88,000	88,000	123,200	88,000	52,800	39,600	79,200	787,600
KICKSTARTER FUNDING	50,000	0	0	0	0	0	0	0	0	0	0	0	100,000
TOTAL	89,600	39,600	44,000	52,800	52,800	88,000	88,000	123,200	88,000	52,800	39,600	79,200	837,600
COSTS + EXPENSES	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
COSTS OF GOODS SOLD	28,800	28,800	32,000	38,400	38,400	64,000	64,000	89,600	64,000	38,400	28,800	57,600	572,800
WAGES	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	66,996
ADVERTISING	2,000	0	500	1,000	1,000	1,000	2,000	1,000	1,000	0	1,000	1,000	11,500
RESEARCH + DEVELOPMENT	0	0	0	0	0	0	0	2,000	2,000	2,000	2,000	2,000	10,000
RENT/LEASE	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	99,996
REPAIRS/MAINTENANCE	500	500	500	500	500	500	500	500	500	500	500	500	6,000
UTILITIES/TELEPHONE	160	0	0	0	0	0	0	0	0	0	0	0	160
SHIPPING	1,670	1,670	1,670	2,004	2,004	2,505	3,200	4,675	2,505	2,004	1,670	2,370	27,949
TOTAL EXPENSES	47,046	44,886	48,586	55,820	55,820	81,921	83,616	111,691	83,921	56,820	47,886	77,386	795,401

Income (before taxes) 42,199
 Income tax expense 8439 888
NET INCOME 33,760

SECOND YEAR FINANCIALS

REVENUE	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
UNITS SOLD	90	90	90	100	120	200	200	280	200	120	90	180	1760
NET SALES	49,500	49,500	49,500	55,000	66,000	110,000	110,000	154,000	110,000	66,000	49,500	99,000	968,000
GRANT	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	49,500	49,500	49,500	55,000	66,000	110,000	110,000	154,000	110,000	66,000	49,500	99,000	969,760
COSTS + EXPENSES	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL
COSTS OF GOODS SOLD	37,800	37,800	42,000	50,400	50,400	84,000	84,000	117,600	84,000	50,400	37,800	75,600	751,800
WAGES	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	5,583	66,996
ADVERTISING	0	0	0	0	1,000	1,000	1,000	1,000	1,000	0	2,000	2,000	6,000
RESEARCH + DEVELOPMENT	0	0	0	0	0	0	0	0	0	2,000	2,000	2,000	6,000
RENT/LEASE	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	99,996
REPAIRS/MAINTENANCE	500	0	0	0	0	0	500	500	0	0	0	500	2,000
UTILITIES/TELEPHONE	13	13	13	13	13	13	13	13	13	13	13	13	159.96
SHIPPING	1,403	1,403	1,403	1,559	1,871	3,118	3,118	4,365	3,118	1,871	1,403	2,806	27,438
TOTAL EXPENSES	53,632	53,132	57,332	65,888	67,200	102,047	102,547	137,395	102,047	68,200	55,132	95,836	960,390

Income (before taxes) 9,370
 Income tax expense 0
NET INCOME 9,370

Fig 4. 2 Year Financial Forecasts

Conclusion

In conclusion, there is clear demand for electric skateboards and through personal experience living as a student in Winchester, I believe we will be able to market our brand and product exceptionally well with our proposed marketing strategy. Furthermore, as illustrated in the timeline, the first-generation boards are due to be designed in June 2022 which is when the PLEV laws are due to be reviewed, therefore I believe we have planned our time effectively, resulting in a well-executed business and product. Some key feedback already received is “UK sales will flop if new legal provisions aren't made for PLEVs in the next few years. Could peruse overseas sales if that is the case though” and “Cool idea, maybe a sketch of the product would have helped the delivery, but there is structure to the business and once allowed, I could see this being popular in Winchester”. This feedback reassures us that our concept will work in cities such as Winchester, but it is clear we need to focus on the US market in the event the laws around PLEV's remain in June 2022. With regards to our Kickstarter and advertising campaigns we need to ensure that plenty of visuals are present to show clearly who charged is and what we sell.

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