

Royale Bikes

Business Plan

Executive Summary

Royale Bikes is a student-led, non-profit bike rental service developed by Enactus Royal Holloway. Many students live off campus and usually use other forms of transportation to get to campus such as Uber, taxis and busses, which can be expensive. Due to the gap in the market with no bike rental services around the area, we are building a rental facility allowing students to get to/from university by offering bicycles and equipment to be used as an inexpensive and eco-friendly transport link in Egham, a university-focused area.

Additionally, with increased awareness on climate change and carbon dioxide emissions, we aim to provide an eco-friendly way of transportation to reduce levels of carbon dioxide.

Finally, it will also provide health benefits by increasing physical activity.

The primary market for Royale Bikes is Royal Holloway, University of London student population, mainly the ones living off-campus or in Kingswood campus. There are around 9,000 students attending the university, mostly being full time. Students living on campus might also use the bikes for travelling to Egham such as for their supermarket shopping or going to the train station. The secondary market is the university faculty and staff.

Throughout this project, we aim to maintain the Enactus philosophy meeting 4 out of the 17 UN Sustainable Development Goals (SDGs). All surplus raised through Royale Bikes will be reinvested back into the project and any other Royal Holloway Enactus partner projects, such as E-Fugee and any other future projects.

As a student-led start-up business, we intend to set up a partnership with the Students' Union. We have acquired 12 bikes with equipment that maintain the national safety standard specifications. Each bicycle is of high quality and is fully maintained by the operations team. In year one our fleet will consist of 15 hireable units, in year two, 30 units and 45 units in year three. Considering that we will be able to start renting out bikes to students as soon as possible, we decided to rent out bikes just on a monthly basis until the end of this academic year. Therefore, the rent charged will be £25 and a deposit of £50 per bike. Starting in September 2019, bike rentals will be available on a monthly, termly and yearly basis and will be offered for Royal Holloway students and later expand by offering our service to staff members too. Our marketing strategy will rely on traditional marketing, digital marketing (e.g. social media, website) and word of mouth.

Business Overview

History & Introduction

Royale Bikes is a non-profit bike rental service developed by Enactus Royal Holloway which aims to build an inexpensive and eco-friendly transport link in Egham. Due to the gap in the market with no bike rental services around the area, we are building a rental facility allowing students to get to/from university quickly with minimal cost. Students will be able to rent bicycles and equipment for travelling as a sustainable alternative to other transportation methods. Throughout this project, we aim to maintain the Enactus philosophy meeting 4 out of the 17 UN Sustainable Development Goals (SDGs), namely good health and wellbeing (SDG 3), sustainable cities and communities (SDG 11), responsible consumption and production (SDG 12), and climate action (SDG 13) (United Nations Sustainable Development, n.d.). All surplus raised through Royale Bikes will be reinvested back into the project and any other Royal Holloway Enactus partner projects, such as E-Fugee and any other future projects. We have acquired 12 bikes with equipment that maintain the national safety standard specifications. Bike rentals will be available on a monthly, termly and yearly basis. Rates decrease with rental duration to incentivise longer term hire. Each bicycle is of high quality and is fully maintained by the operations team. The operations team consists of students who will undergo basic training and will be educated about the safety standards that the bikes need to meet according to the UK government safety regulations (Juden, 2012). To ensure the quality of the bikes is maintained after its been rented out, each renter will be charged a deposit of £50 per hire for any rental time frame in order to cover for purchasing costs in case of theft. The deposit will be held within the Enactus Royal Holloway bank account and will be refunded to the renter once the bike is returned in the same condition as it was when rented out.

Current Position

After conducting a market research on 100 Royal Holloway students, we concluded that there is definitely a gap in the market for our venture, since 64% of respondents were actively interested. We have invested in good quality bikes and accessories which include helmets, lights and safety-locks, to be ready to launch this service as soon as possible. Our projections indicate that Royale Bikes will be generating a surplus within the first year.

Project Research and Benefits of the Scheme

As a student-led start-up business, we intend to set up a partnership with the Students' Union. Royal Holloway today has around 9,000 students and most of them are full time. This is a relatively large number of prospects that might be interested in renting a bike to travel around the area. Thus, so far, interest in the scheme has been positive. Of the one hundred students surveyed, 64% said they would be actively interested in the scheme, 14% were indifferent and only 11% were actively uninterested in the scheme. A further 11% said they would make a more definitive decision about Royale Bikes if they were provided with more information.

The basis of our market essentially relies on students living in Egham. They are relevant to our service since they spend most of the year in Egham, therefore need to travel around the area. Notably, students living off campus or in Kingswood campus are a potent target group since it will be easier for them to ride a bike to campus rather than walking or taking the bus daily. Relatively, students living on campus might also use the bikes for travelling to Egham such as for their supermarket shopping, going to the train station or any other purpose they may have.

The College uses the boundary of TW20 9 and TW20 0 postcode areas as our definition of the 'local community'. These postcode areas cover both Englefield Green and Egham.

Transport variety of trips that users currently undertake:

Egham Station > Back Gate Entrance, Royal Holloway

- 52% walk
- 8% bus
- 33% Uber
- 3% other taxi services
- 9% car

Royal Holloway has about 9,000 students. From the survey conducted on 100 students, 9% of them stated that their daily, primary method of transport from home to campus was by car, 7% said Uber and 1% said bus. Overall, 17% of students surveyed, do not use an eco-friendly transport to go on campus daily. The percentage overlaps as students may use more than one mode for transport. Using Google Maps, we have measured that the distance between Egham Station and Royal Holloway campus is 1.2 miles and the distance between campus and Kingswood Hall (accommodation) is 1.5 miles.

According to Sightline Institute, an average car produces 1.2 pounds of CO₂ per passenger-mile which in our case means 1.2 times 2,343 miles, thus, 2,811.6 pounds of CO₂ are emitted daily if we assume that 17% of the Royal Holloway students living in Englefield Green and Egham were to switch their transport method from bus, car and Uber to bicycle, this would save nearly 2,343 pounds of CO₂ emissions every day. We arrive at this outcome by multiplying the average distance, 1.4 miles with the approximately 1600 students that drive up to 2,343 miles (1674x1.4) a day. This brings us to a conclusion that every year, the carbon emission caused by the transport journeys of students and staff of Royal Holloway University could be reduced by approximately half a million pounds (2,811,6X365) 453592.37 KG a year.

Whilst the result bears percentage points of marginal error, it highlights the vastness of emission ranges that may be reduced using sustainable transport, such as bicycles.

Moreover, in the same survey when asked what the primary method of transport to Egham railway station is, 33% of students said Uber, 16% said car, 8% said bus and 3% said taxi. Therefore, if all of the students were convinced to use the cycle scheme to go to the rail station, the emission of the carbon dioxide would be reduced by up to 60% ($33\%+16\%+8\%+3\%$). The biggest and main environmental benefit that we anticipate from the scheme is the reduced level of carbon dioxide. We are optimistic that a big portion of students will choose bicycles over vehicles as their transport. This is because, according to the same survey, at least 64% of students would be interested in using the scheme while abandoning their old means of transportation.

Although the number of bikes we currently have is small, we aim to increase it with time, to increasingly be more environmentally sustainable. Even though we will not have enough bikes to cause a greater impact, we believe that the bike scheme will still have minimal amount of contribution towards the reduction of the levels of CO₂ emitted in the environment by having fresher air, less traffic congestion, more parking accessibility, and reduced fuel use. According to a 2013 Air Quality Progress Report for Runnymede Borough Council, *“monitoring data collected during 2012 and preceding years confirmed the need to proceed to a Detailed Assessment for nitrogen dioxide, for the area in the vicinity of the railway crossing in Vicarage Road, Egham”* (Runnymede Borough Council, 2013).

Finally, the bike scheme is very likely to have long-term beneficial effects as students, while cycling, will make a step towards environmental awareness, will be able to increase their sensitivity to environmental issues and will have the chance to come closer to the natural habitat and engage in sustainability. The initiative of Royal Holloway to bring a bike scheme in the area might strengthen the relationship of Runnymede and Surrey council with the university.

By investing in sustainability and creating positive externalities, the university shows respect and care towards the local community.

Additional Benefits

- Health benefits: increased physical activity (according to researchers, unlike other sports, cycling does not cause muscle, bone or joint pains + helps in normal blood circulation in the heart) (BetterHealth, 2013).
- May act as a competitive advantage for the university. Good reputation as a community: a student led project designed to help students travel around Egham in a time-efficient and low-cost way.
- The Student's Union would benefit from increased student satisfaction rate as they play an important role in bringing this project forward.
- Cycling is linked with an improvement of endurance for life, faster thinking and greater memory.
- Economic benefits for Royal Holloway students (savings on bus tickets, gas for the car, Uber and parking fee).
- Linked time-saving benefits.
- 'Normalisation' of cycling, which may ultimately lead to more bicycle use in the future.
- Discovering close areas such as Windsor and Virginia Water.
- Creation of new jobs through bike maintenance, which needs to be done by professionals with previous experience in bike repairing services.
- Increased mobility options.
- The Student's Union benefits from a better reputation as they would be promoting a healthier lifestyle and making student life easier by assisting Royale Bikes.

In the long term, when greater capital becomes available, Royale Bikes will continue to buy more high-quality bicycles and equipment in order to expand the business and increase the provision of affordable bike rentals available.

Value Statement of Royale Bikes

1. Royale Bikes promises to follow all requirements put forth by the law, the Local Council, Royal Holloway University and the Students' Union to run the project.
2. Royale Bikes is a commercial project under the Enactus Society and will remain exclusively NO PROFIT. The income generated from the project will be re-invested in the project and will be used to fund other Enactus Royal Holloway projects.
3. Money and accounts handling will have to be done through the Students' Union.

How it works

Royale Bikes aims to function as a traditional bike rental service where customers can rent bicycles mainly aimed towards long term periods.

1. Customers may request their rental via e-mail, social media messaging or website and arrange for a meeting to sign the documents and pick up the bike after the payment is made through the Royal Holloway Students' Union page. The return date and time is established, and a Royale Bikes member meets the customer again for the return.
2. Royale Bikes will store bikes in covered bike racks on campus and meet with customers directly at the racks for the service.
3. Royale Bikes purchases new or second-hand bikes, upgrading bikes to a higher quality standard if they don't work well enough (Juden, 2012).
4. Royale Bikes is in contact with several companies and individuals to provide regular maintenance for the bicycles each term. Each bike will be checked by a maintenance service provider before it is rented again.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • High interest from Royal Holloway students. • Saves money for customers. It is cheaper than getting an Uber, taxi, bus tickets, gas for the car and parking fee. • Low prices compared to buying a bike. • New in this area which creates a new market. • Eco-friendly. • Health benefits: increasing physical activities. • Non-Profit Organization: customers would prefer to contribute to Enactus Royal Holloway ventures rather than a private for-profit company. 	<ul style="list-style-type: none"> • Currently, we have 12 bikes and not enough equipment. However, we will buy the necessary equipment before we get the project started. • Despite being fully repaired, people might still doubt the safety of the bikes. • Changing team members might influence the flow of the project. However, each year project leaders are carefully selected and provided with the essential information and requirements about the project. • Egham Hill: it's questionable whether people are willing to cycle up the hill. They may get exhausted and leave bikes.
Opportunities	Threats
<ul style="list-style-type: none"> • Expand customer base including staff as well. • Become a major service project, providing a competitive advantage for RHUL. • Increasing trend of an active lifestyle. • Growing demand for environment-friendly transportation. 	<ul style="list-style-type: none"> • Potential influx of competition • Excessive demand for bikes may lead to long waiting time, therefore, loss of customers. • Weather conditions: rainy days may influence the buyer's decision. • Egham Hill is a steep hill which might de-motivate potential renters to rent a bike.

Royale Bikes Marketing Plan

Strategic Marketing

Segmentation

Royale Bikes is currently focusing on university students only. In future months, we see scalability in the project extending it to the Royal Holloway staff as well. In the future the project aims to act as a model for other campus universities part of the Enactus network.

Targeting

Given that most university students have to combine work with studies or rely on a budget, Royale Bikes is targeted at low-income students, which we highly take into consideration in our pricing. Furthermore, being non-profit our main concern is that everybody can afford our bikes.

Positioning

Our positioning statement is to provide a friendly environment towards our target market and engage with them offering a sense of belonging in the Royal Holloway community. Furthermore, we intend to reach out to our target market via Social Media and Traditional marketing methods such as requesting the Founder's newspaper for promotion, or in the SU radio.

Product Management & Forecasts

The product offering is the bike rental service. Students, as customers, will be able to rent bikes and the equipment provided (safety helmet, lights and locks) until the date agreed.

There is no intention to expand the product line in the near future. Product forecasts concern due to the rising demand of bikes, in addition to a widespread word of mouth about the project leading to more interested students and increasing social media followers. Our project aims to offer a high-quality product for a very low price.

Price Management

After thorough calculations, the prices were enforced by accounting the costs that need to be covered and adding a markup to generate a surplus towards future expansion plans and funding Enactus Royal Holloway projects. Concluded prices are displayed below.

Monthly rent:	£25
Termly rent:	£45
Yearly rent:	£75
Refundable Deposit:	£50

These prices are currently set for the first months following the project implementation and may be subject to change based on its success and customers' demand. However, if we do decide to raise them in the future, we will need to take in consideration the potential backlash from customer complaints which might be challenging.

Distribution Management

The renting process will take place on campus. It is the customer's decision of where the bike will be used. Recommended cycling routes given in the Royale Bikes handbook are:

Egham (suggested specific routes from Egham station to Royal Holloway main campus and Royal Holloway to Kingswood), Virginia Water park and Englefield Green.

A major element in our distribution management is our website, which is being finalized. The website will be a direct source of acquiring general information about the project, contacting the member and requesting a booking.

Integrated Marketing Communications

Royale Bikes has used a variety of promotional methods to advertise its service, raise funds and increase awareness. These include bake sales, treasure hunts, social media marketing and off-the-line advertising such as posters. For the upcoming year, we plan to expand on our social media marketing (mainly Instagram and Facebook), which will be updated daily. Most students nowadays use social media. Therefore, it is a convenient way to communicate with this segment, with the objective to inform them about our brand. We also believe in the power of word of mouth, since we will provide new and affordable way of transportation, which is needed based on the previously mentioned survey conducted last year.

People Management

The main people involved are all Royale Bikes – Enactus group members, who are responsible for the efficient maintenance of the project and undertaking the renting process. Contact details will be provided in the handbook given and online: on our social media pages and the Royale Bikes website where the email provided is royalebikesrhul@gmail.com.

Process Management

The renting process will begin on our website, where students fill out the customer form which also includes the T&C of the project. If a bike is available within the renting time

selected, a payment link to the SU website will be given to the customers to continue with the transaction. The final step is meeting up with the student to give them the bike, equipment and Royale Bikes handbook, which includes general information about the project, T&C, suggested routes and contact information.

Physical Evidence

The bike and equipment distributed will meet the standards of the national safety regulations (Juden, 2012) to ensure that there won't be any accidents resulting from defective bike conditions. At the start of their contract, customers will also be given a Royale Bikes handbook which includes T&C, general safety advice and detailed information about the project. Customers will check the bike first and then sign a contract confirming the bike and equipment handed to them are in excellent condition.

Implementation

We are planning to officially start Royale Bikes for exam term (starting 1st of May). Each of the team's group members is responsible for different business areas including finance, marketing, research, public relations, operations and bookings team. The bookings team will first receive the request for the bike rental and process the request, if we have a bike available during the customers requested dates. The bookings team will then pass on the request to the finance and operations team, who will make sure the customer pays for the rental through the Students' Union website and then prepare a unit which will be ready for the customer. The customer will then be contacted to meet for the bike hand over after all documentation is done. The operations team will be the customers' first point of contact if anything goes wrong with the bike or if the bike requires a maintenance check. Finally, the bookings team will be responsible to remind the customer to return the unit in one piece and in the same condition as it was given, as we approach the due date for the bike return.

Control

In order to monitor the project, we will always confirm the availability of bikes and equipment before proceeding with any agreements. We also plan to regularly ask for customer reviews, either online or in person, since we constantly seek to improve our services. Lastly, it is crucial to continuously renew the financial statements and record any equipment or bike costs and sales revenues, to ensure that Royale Bikes is making a surplus.

Conclusion

Overall, based on the analysis above, Royale Bikes will offer its bike rental services to all Royal Holloway university students. The pricing (monthly, termly and annually) was conducted based on our target market of low-income students, which is why our short-term objective during the start of the project is to breakeven. Our team will continue to work with the project's position statement in mind, which is about operating in a friendly environment, creating an inclusive community within Royal Holloway University.

Risk Assessment

Road Safety

Due to Egham being a part of the London commuter belt and adjoins, narrowly, junction 13 of the M25 motorway, road safety risks are a concern. Even though Royale Bike will not be liable for any accidents or damages to the renter or the bike, we will provide guidance and training on how to secure the bike safely and suggest safe commuting routes in the handbook we prepared. The handbook will be handed to the renter before signing the rental agreement. Furthermore, in order to avoid safety risks, Royale Bikes will put in extra efforts such as performing regular maintenance assessments over a period of time to make sure all the bikes are in good condition. We will also be partnering up with a local bike repair shop, which will provide bike repair services for our renters in case of any damages or safety concerns at a minimal cost to the renter.

Weather Conditions

Due to the unpredictable weather of the United Kingdom, there is always rain and/or snow on the road which can increase the chances of having accidents. In order to minimise the chances of an accident, the Royale Bikes Renters handbook shall advise the renter to not use the bike in such conditions. Furthermore, the handbook will also guide the renter on how to keep the bike in perfect condition which will benefit both the renter and Royale Bikes.

Competition

As bikes are seen to be a preferred mode of travel for mundane commutes amongst university students, existing and new bike rental businesses might see this as an opportunity to enter Egham in order to target Royal Holloway students in the near future. However, Royale Bikes having the first-mover advantage will have a higher market share and existing presence

in the market. Moreover, as Royale Bikes is a not for profit and shall remain as one, potential competitors will face difficulties to match our low prices. Not only that, research suggests customers always prefer to deal with non-profit organisations rather than dealing with for-profit companies due to added community welfare benefits.

Evaluation

The business is ready to take off. We need the final permissions from the SU and the university, after which Royale Bikes will be ready to start renting out bikes in May 2019. We have evaluated our strengths and weaknesses from every angle and come up with countermeasures. We have looked into the potential competitors and what strategies we could use to compete. There are also measures taken to ensure students' safety by providing advisory tips to students. We only have 12 units at the moment, but as the project is deemed highly scalable, we are confident that as soon as the project starts, we will be able to expand with more bikes. If we get the support needed from the university and the SU, we are fully committed to ensuring the success of the project and providing an added value for the three parties.

Growth Plan

Our main target for growth in the short term is to build our client base and company profile, but essentially, to hire out as many of our bikes as possible. To ensure the safety of the customers, each unit provided along with the bike consists of: a safety helmet, a new bicycle lock and a set of lights. In order to start as soon as possible with limiting risks, we intend to start our venture with 12 units, which we already acquired. However, we do plan to acquire at least 3 more units to start with next year. Also, to enhance our project's growth, the surplus will be reinvested into Royale Bikes for the first year and then it will be shared with Enactus

Royal Holloway. If a high level of demand remains in year two we will increase our fleet of bikes, associated equipment & staff.

In year two we plan on doubling our fleet to 30 units and part 50% of the surplus to Enactus Royal Holloway to support other projects providing a greater impact in the community. By year three we plan on having 45 bikes maintain the 50% partition of surplus to Enactus Royal Holloway unless we require funds to retain the project or grow further. The associated running costs for these units regarding labor and equipment have been kept in proportion with year one. Obviously, these are forecasts so we will reassess our position after years one and two respectively. In the future, we shall also consider the possibility of expanding our reach by investing in more sustainable bike units such as electric bikes to attract more customers and improve in the local area.

Storage

In terms of storing the bikes safely, we at Royale Bikes are in talks with the Royal Holloway Estates department and aiming to set up a storage unit for our bikes and accessories only. We do not have an estimate on how much storing the bikes and accessories would cost us and shall update our financial plans if and when we do in the future.

Business Strategy

Our business strategy is to rent out as many bikes as is reasonably practicable. Initially, we will only be targeting students and in September 2019 we shall start marketing to the Royal Holloway staff too.

In year one our fleet will consist of 15 hireable units, in year two, 30 units and 45 units in year three. We feel that this is a steady growth forecast. Our target is to have a fleet of over 100 units by the 4th year of our business. This can be attained by:

- Successive reinvestment of surplus into the project.
- Expansion of services around Egham.
- Working closely with student societies and sports clubs such as the Cycling Society by doing joint events and socials to promote healthy lifestyle.
- Competitive pricing.
- Increasing our marketing mix.

At the moment, being a new business, we have a long way to go. We need to train our volunteers and then implement our marketing strategy. In addition, focusing on building our customer base is paramount. There is a potential risk that demand may outstrip supply. In this case, we would need to purchase more equipment.

Strategic Issues

Our potential threats are:

1. If the local taxi company Gemini decides to reduce taxi fares in order to compete with our prices.
2. If another company started to hire out bikes in Egham.
3. If our bicycles were stolen.

Regarding our bicycles being stolen, we have set up a refundable deposit scheme where each client of our service has to pay £50 deposit, of which is returned to the customer when they decide to end their contract and return the bike in acceptable condition.

As part of the process, we shall be taking full contact details, along with student identification numbers and a signed contract which will be legally binding if the associated equipment isn't returned as per mentioned in the said contract. This is to ensure that the customer pays due care and attention whilst using our service.

Our potential opportunities are:

1. If the local taxi company Gemini and Uber continue to raise fares.
2. If the cost of oil continues to increase further.
3. If the universities and/or local council decide to go into a partnership with us.
4. If our business does better than we expected.

In the event of these opportunities arising we plan to be in as best of a financial position as possible in order for us to be able to capitalise upon them.

Financial Plan

Projected Cash Flow Statement

As we intend to start our project as soon as possible, below is a projected Cash flow statement. Considering that we will be able to start renting out bikes to students as soon as possible, we decided to rent out bikes just on a monthly basis until the end of this academic year. Therefore, the rent charged will be £25 and a deposit of £50 per bike.

Considering we are able to rent out at least 5 of the bikes we acquired by the end of the current term, the cashflow statement suggests a cash inflow of £375. (The renting fee of £25 plus a £50 deposit per bike for 5 bikes adds up to £375). We intend to service the bikes once every term and before sending the bikes out again.

*All the figures in this table are guesstimates. *

Projected Cashflow Statement											
Royale Bikes 2019/2020											
	August	September	October	November	December	January	February	March	April	May	June
Operating Cash	£1,585.16	£1,270.16	£2,505.16	£2,615.16	£2,725.16	£1,985.16	£2,570.16	£2,680.16	£2,790.16	£2,050.16	£2,535.16
Sources of Cash (Cash In)											
Receivable collections											
Bikes rented out per Month	£ -	£ 125.00	£ 125.00	£ 125.00	£ -	£ 125.00	£ 125.00	£ 125.00	£ -	£ 125.00	£ -
Bikes rented out per Term	£ -	£ 225.00	£ -	£ -	£ -	£ 225.00	£ -	£ -	£ -	£ 125.00	£ -
Bikes rented out per year	£ -	£ 375.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Customer Deposits	£ -	£ 750.00	£ 250.00	£ 250.00	£ -	£ 500.00	£ 250.00	£ 250.00	£ -	£ 500.00	£ -
Other	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Total	£ -	£1,475.00	£ 375.00	£ 375.00	£ -	£ 850.00	£ 375.00	£ 375.00	£ -	£ 750.00	£ -
Uses of Cash (Cash Out)											
Maintenance	£ -	£ 225.00	£ -	£ -	£ 225.00	£ -	£ -	£ -	£ 225.00	£ -	£ -
Purchases of Fixed Assets	£ 300.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Marketing	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00	£ 15.00
Miscellaneous	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Repayment of Deposit	£ -	£ -	£ 250.00	£ 250.00	£ 500.00	£ 250.00	£ 250.00	£ 250.00	£ 500.00	£ 250.00	£ 750.00
Total	£ 315.00	£ 240.00	£ 265.00	£ 265.00	£ 740.00	£ 265.00	£ 265.00	£ 265.00	£ 740.00	£ 265.00	£ 765.00
Cash Flow	£ (315.00)	£1,235.00	£ 110.00	£ 110.00	£ (740.00)	£ 585.00	£ 110.00	£ 110.00	£ (740.00)	£ 485.00	£ (765.00)
Closing Balance	£1,270.16	£2,505.16	£2,615.16	£2,725.16	£1,985.16	£2,570.16	£2,680.16	£2,790.16	£2,050.16	£2,535.16	£1,770.16

The above is a predicted cashflow for the next Academic Year (2019/2020). Even though we do not have any restriction on how long a person can rent a bike for, we have divided 15 units into the three pricing categories for the predicted Cashflow statement. Considering we will rent out 5 units for the price of £25 every month, we expect to generate a revenue of £125 each month except during vacation period (July-August, December and April). Similarly, 5 units at the price of £45 would help us generate £225 per academic term and 5 units at the price of £75 would generate a revenue of £375 at the start of the academic year. Furthermore, our calculations suggest renting out all 15 units on termly basis would generate more revenue. However, in order to reduce risks and lower operations costs & marketing costs, we intend to incentivise the renters to rent the bikes on a yearly basis by charging them only £75 for a year.

We estimate the service will cost £15 per bike. We have taken an additional £15 under consideration for marketing purposes. Moreover, the deposit of £50 per bike, which will be returned to the renter once they return the bike to Royale Bikes at the end of their contract in the same condition as it was when it was rented out.

Conclusion

The above predicted Cashflow statement suggests Royale Bikes shall make a surplus of £485 by the end of 2020. As Royale Bikes' aim is to improve students' wellbeing and health by encouraging students to use bikes as a mode of transport, the low pricing means we do not generate enough surplus. However, with adding additional units and possibly increasing the pricing in the future depending on customer demand, we aim to maximise surplus without the risk of losing customers.

Please note that this Business Plan is the result of a 2 years' work and that over time more than one person have contributed to it but it has always been coordinated and led by me.

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