

# **Business Plan for Community Share Offer and Business Growth**

# 1 Executive summary

October Books is an independent community bookshop which seeks to inspire social change with our community through learning, inclusion, and storytelling. Customers who come in are not merely paying for a book. Instead, by purchasing through us they are buying: personalised service, high street accessibility, investment in local community projects, investment in local community owned business, and are buying into the social change that comes from a place like October Books existing in the community.

This Business Plan provides the story for the management of October Books' growth and prosperity over the next three years in terms of operational management, and the next ten years in terms of our Community Share Offer. The plan focuses on the businesses' need to refinance to cover £260,492 loanstock which matures in 2023, which was originally raised in order to purchase and renovate their current premises, an old bank building in Portswood, Southampton. The refinancing also covers further repayments of loanstock due in 2023-4 (£18,500), 2024-5 (£8,100), 2027-8 (£59,451), 2028-9 (£1,100). The loanstock was issued in 2018 and contributed to the purchase of October Books' premises which comprises an 1100sq ft retail space, and an 800 sq ft community space with kitchen facilities and disabled access toilet.

The plan provides detail of operational and governance activities required to fulfil our maximum public share offer amount of £175,000 plus conversion of £171,346 of existing loanstock to shares - a total of £346,346. The plan also includes scenarios for optimum raise of £150,000 plus conversion of £171,346 of existing loanstock to shares and minimum raise of £171,346.

Through our extensive financial predictions and historic information we have a clear idea of what we need to do in terms of business growth to not only fulfil this plan, but ensure a viable future for October Books. Through improving and working on new and existing relationships with customers and anchor institutions we aim to achieve an ongoing growth in sales across all our sales categories. This, combined with improving our online offering and engaging our customer base in new and dynamic ways, we are confident that the % increase year on year we need is very achievable. Loss of income from the Community space has been fully addressed and actioned with a month by month plan in place for the growth of these numbers alongside how and where we can focus our outreach to entice new custom into the space. We have programmes and projects in place such as our Books for Wellbeing scheme to help with not only our sales and income, but also with the outreach needed to get everything we offer out into the wider community and bring those who may not have encountered us before into the shop. With a renewed focus on market segments and where we can achieve growth combined with our diligent research into grants and funding and success in applying for and receiving these over the last 3-4 years, we are primed to grow our community through this share offer.

Three Scenarios analysed for the Community Share offer examine minimum (where only loanstock due in 2023 is repaid), optimum (where loanstock due to 2025 is repaid), and maximum (where all loanstock is repaid) scenarios. The optimum and maximum scenarios are based on achieving a 1.5 % interest by 2024, growing to a target of 4% interest by 2029. In the business growth model described in this plan withdrawal of share capital will be available by 2029. All scenarios also rely on significant grant income and a social impact strategy is being developed as a first step in securing this income.

# 1 Organisation and community

October Books is an independent community bookshop which seeks to inspire social change with our community through learning, inclusion, and storytelling. We aim to create a more nurturing culture that encourages us all to take care of ourselves, each other, and also our planet. We are an indie bookshop with our community at our heart.

We have been serving our community in Southampton for over 40 years. Our overarching aim is to provide a welcoming and inclusive high street and online space for the presentation, sale, and discussion of radical and progressive books, magazines, and materials that inspire enquiry and creative thought and spread new ways of thinking. We want to inspire social change together, and that includes the change we would like to see in our high streets.

A recent report from the Booksellers Association has found that bookshops are key contributors to successful high streets and describes a 'halo effect' for their communities. We are proud to be able to identify with this effect and to know we contribute to the attractiveness, liveability, innovation and experimentation in our local high street. We can demonstrate this through some of the activities we have hosted over the past year: a pop up high street green space, a community arts performance on the high street with a 9ft tall puppet, and the development of a community garden.

In addition to books and literature we sell a range of ethical and fair trade goods, local products, and greetings cards which encourage consumers to purchase in line with their values rather than on price. We also provide a community space for hire to our local community and promote activities which encourage learning, inclusiveness, storytelling and social change.

Our current business structure is as a Community Benefit Society, which we converted to from a multi-stakeholder co-operative in June 2022. Prior to this we were a neighbourhood co-operative but were essentially operating as a worker co-op. We currently employ 8 part time staff members who all have specific roles and responsibilities. Three of our workers and three community members currently make up our committee where strategic and financial business decisions are made. The Committee roles of Chair, Secretary, and Treasurer are currently held by worker members. The Committee represents the views of our 100+ members and looks after the interests of our 200+ existing loanstock investors. Currently, not all our Members are investors and not all our investors are Members. We meet with our Members quarterly and our most recent meetings (from October 2021) have all been focussed on informing and discussing the move to a Community Benefit Society and the issue of Community Shares with our Members.

We also have a number of Working Groups that are all key links between our community, members and the Committee. The Working Groups and their composition are:

- Finance Working Group: Two community members and one worker
- Strategy Working Group: Four workers
- Community Engagement Working Group: One worker and one member
- Community Space Working Group: One worker, one member and volunteers
- Garden Working Group: One worker, one member and two community members

## 1.1 Vision and Mission

### October Books Vision

To create a better now and ignite a passion for a better future in our local community, our High Street, and beyond through Storytelling, Social Change, Learning and Inclusion

### Our Aims and Mission

- (a) selling Books, Magazines, and educational materials
- (b) promoting and selling ethical and fair trade goods and local products
- (c) providing an inclusive community space for learning, education, storytelling, and social change

### Vision - The Business environment

October Books is situated on the busy Portswood High street outside the main centre of Southampton, which is fortunate to have year round constant footfall and passing trade. Southampton is a highly populated, vibrant emerging force in social change owing to its vastly diverse cross section of people and communities. There are two universities situated close to the heart of the town alongside long serving institutions such as theatres and museums that highlight both the culture of the city along with the various age ranges that are and could become customers of the shop. Numerous small socially minded businesses and projects are springing up more and more in the local area giving a fantastic indication of the route that the people of our community want to go down in terms of improving all aspects of our local community.

### Vision - The business Past and present

October Books is an independent high street space that sells books, magazines, food, and other ethical products which promote social, financial and environmental equity and justice, creativity, and progressive thinking. We have been in the city of Southampton for over 40 years and describe ourselves as 'more than just a bookshop'. We also aim to be a high street space where people meet, share ideas, and get active in their local community. Since our move to our own premises where we have community rooms to hire, the involvement of the local community has become a more significant aspect of the business. October books has always been a community business since its inception in 1977, starting as a workers co-operative and moving to a multi-stakeholder or members co-operative in 2017 and then into a Community Benefit Society in 2022. We want to reflect our commitment to social change to a wider community than just our members, with all profits being invested back into the business. This conversion to a Community Benefit Society will enable us to issue Community shares to solidify the future of October Books while increasing our opportunities for funding, grants & loans. Alongside a dedicated worker team, our investors, members, and community will play a pivotal role in helping us to develop and improve as a business with everyone working together to achieve our shared aims.

### Vision - Co-operative Ethos and Community

October Books is embedded into the local community and we use our position within it to promote a love of literature alongside Co-operative values to as wide an audience as possible. Alongside existing relationships with local groups, we aim to forge links with as many diverse and inclusive local groups as possible and provide a venue in our community space and shop floor for their message to reach a wider

audience and feed into our aims of social change. The local area is full of emerging and pre-existing groups, both large and small, whose aim is to improve the lives of the communities they reside in. As a well-established business, we aim to position ourselves as a first port of call for help and support in growing and sustaining these community groups. In addition to the community role of such activities, the business model of October Books benefits by building loyalty amongst the community of potential customers and connections.

## **1.2 The story so far**

October Books began as a voluntary organisation in 1977 and then registered as a workers co-operative in 1981. For 40 years the business had its highs and lows but in 2017 increasing commercial rent and decreasing sales led the worker team to terminate their contract with their landlord. Conversations with our local community about 'What Next?' for the business had already begun and the move to a multi-stakeholder co-operative was made. Coincidentally, a High Street premises came up for sale at the same time and the wheels were set in motion to purchase an old bank building and convert it into our new home, which we did in October 2018. Over £330,000 was raised through loanstock from our local community and the remainder of funds needed were raised through a loan with a co-operative lender and through the sale of the first floor of the building. In our business plan we had proposed that repayment of significant amounts of loanstock required in 2023 and 2028 were met through the conversion to a Community Benefit Society and the issue of Community Shares. Throughout all these changes we have continued to seek out books and literature outside of the mainstream.

The new premises have allowed us to offer something back to our community as we now have a dedicated community space with kitchen, disabled access toilet, 1 to 1 treatment room, and a growing community garden. We have also designed the shop space to be flexible and we can now easily host events and hires in this space as well. We also have an extensive events program both in the shop, the community space, and online. There are at least a couple of book launches and signings in the shop each month, a new art exhibition on a monthly basis, a plant and seed swap, as well as our regular members meetings.

The last couple of years of the pandemic have seen more changes to the business as we have moved sales, events, and team meetings to online platforms. We have developed our online sales platform, and now all our foods and cleaning products are available to purchase online. We have online book sales through Bookshop.org, a bookselling platform that was launched to support independent bookshops in November 2020. Our events program has moved online for much of the pandemic and we now have some regular online events. We organised some specific events solely to engage with our community and hear their concerns during the pandemic. Our events program has grown as a consequence of being online and we now offer at least two author talks each month, as well as the in shop launches for local authors, and our monthly Bring Your Own Book club. This offering has allowed us to reach both national and international audiences, which has been a great bonus. Both in shop and online events provide an opportunity for connection with new audiences and an additional outlet for book sales.

Historically October Books' trading model has relied on the sale of books, food and cleaning products, and cards. These sales have allowed the business to continue to provide all our other services. More recently we have really begun to recognise and value the social impact we have in our community and have been

awarded grants and funding for improvements to our community space, trading back up after Covid, and for creating an ongoing volunteer program and resilient model for our community space.

Some of the things we currently offer to our local community are:

- Annual free collation of order, purchase, and delivery of 3500 World Book Day books to pupils at 7 local schools
- A comprehensive free events programme including:
  - At least two online or in shop author talks per month
  - At least one local author in shop book signing event per month
  - Bring Your Own Book Club
- Talks and conversation about environmental issues in collaboration with Transition Southampton
- A high street community space for hire with kitchen and disabled access
- Membership of our organisation and an opportunity to help make management decisions
- Volunteering opportunities for all ages, from work experience for school leavers to maintenance tasks for retirees
- A place for local authors to launch their books and a space for local artists to display their work
- A Books for Wellbeing Scheme for organisations and individuals, launched in June 2022
- A place where the voices of groups in our local community can be expressed. For example this year we have tailored window displays encouraging the support of Afghan refugees and memorialising Micky, a regular customer and street sleeper who passed away over Christmas.
- Being part of the Safe Places network, offering help if someone is anxious, scared or at risk while they are out and about and need support
- A community noticeboard where organisations that align with our ethos and code of conduct can promote and advertise events
- A green frontage on our high street with edible and flowering plants
- Postal address for local groups
- Drop off point for sanitary products donated to Homeless Period
- A space where participants of the ReadEasy program (a charity providing educational support to adults) can come to have tutoring
- A purchasing point for our local Food Bank (our customers can purchase our products which are then donated to our local food bank)
- A local connection for our academic institutions, providing hands on experiential learning of real life business issues and learning about ethical business models
- A small community garden in a previously unclean and neglected alleyway at the rear of our premises
- A home delivery service for food and books to vulnerable customers or those needing to self-isolate

In addition to services that October Books delivers we also have organisations that hire our space offering a wide range of community services, as follows:

- A weekly vegan waste food cafe where people can come and have a Pay as you feel meal, making the offering available to all
- A 'Climate Cafe', providing a safe space for those anxious about changes to our environment to express these concerns.
- Psychologists who use the space for group support work

- A radical reading group which provides a space for discussion of a diverse range of topics from the books that we offer
- Solent Mind hold regular gatherings for conversation about health and well-being
- Touch Network, who share and celebrate everyday stories of resilience and by doing so, prevent struggles with mental wellbeing beginning in the first place.

We are also developing other ideas to offer to our local community and these ideas have come from both operational team members and our members. All need to be assessed in terms of their viability and long term contribution to our vision and aims as well as maintaining financial viability.

- Demonstration of solar production on the local high street. We currently have roof panels and want to show our customers how much energy we are producing
- A conversation cafe one day a week where our community and customers can come and talk about a variety of subjects. The program of conversations will be self-curated by our community.
- An Inclusion Policy and pledges which incorporate the needs and aspirations of our local community and is part of our organisation's decision making process
- An Environmental Policy which involves the local community in its implementation and provides a space for learning for everyone, about what we can do during the climate crisis and is part of the organisation's decision making process
- Subsidised/free hire of a community space for local groups, organisations and individuals
- A food refill station for loose dried goods

Our community space has been severely impacted by the pandemic with the expected income from this resource not being recognised due to lockdowns, ongoing restrictions and understandable reticence from our community to meet indoors. This is slowly bouncing back though and we have some regular hirers returning and our vegan, waste food, pop up cafe is back to a regular weekly slot, much to the delight of many of our customers.

Overall, our income from the sales of books has not been impacted by the pandemic, and we have been eligible for many of the support grants and these have replaced the income lost from the community space. However, we have seen a steady decline in our sales of food and cleaning products over the last two years and we are currently in the process of reviewing opportunities and developing a plan to improve these sales to meet projected income targets. We have put a plan in place to reduce shop floor space for food by delisting stock lines that do not sell. We will use this space to increase our offering of Cards and ethical gift items as both categories are seeing positive increases in sales over the last year. By decreasing the food lines that do not sell, we should not see a further decline in food sales, and will instead utilise the shop floor space to see an increase in sales from other more prosperous categories to pick up the slack. This plan is due to be fully implemented before Christmas 2022 as this should be a great time for these alternative sales categories

### **1.3 Structure and governance**

October Books is a Community Benefit Society with the day to day operations of the business run by the operations team and decision making and strategic choices of the business coming Committee made up of paid and volunteer members, one third of whom are replaced annually by election. The Committee report

on our Annual Return, operational successes, projects and business growth strategies at our AGM. The Committee ensure that the business stays in line with our objectives and that there are plans in place to ensure our financial viability.

As a membership society, the involvement of members is critical to the overall success of the venture. The more members we have, the more people will have a vested interest in its success. Our objective is to have as wide an ownership of the Society as is possible so that we can promote it on the basis that not only is it being run for the benefit of the community, but also that it is genuinely owned by the community. Our intention, as it always has been, is also to involve the members as much as possible in running the society and we are exploring practical ways in which we might do this through a member's induction, regular members meetings and socials, and providing volunteering opportunities through the year for our existing and prospective members.

Induction Program development - Our Community Engagement Working Group initiated an Induction Program for our Members in November 2019. Members were taken through the values and principles of a cooperative and were asked how they felt October Books fulfilled these values. We also talked about ways that members could get involved in the running of the business and collected and collated ideas they had for the business in the future. Unfortunately, due to the pandemic the development of the program did not continue. We are looking to re-introduce this process for our existing and new members in January 2023, after the Community Share Offer.

Figure 1 is a visual guide to those involved in the governance of the business and their roles in the decision making process. The diagram also shows the aspirations for future governance (highlighted in blue). Currently the Society has eight employees and three volunteer Committee members. We also employ a contractor (92Minutes) to undertake our online promotions and marketing. We are in the process of allocating Administrative and Advocacy roles for all the key committee roles of Chair, Treasurer, and Secretary, with operational team members responsible for the administrative aspects of the roles, and the volunteer members holding the responsibility to our members as their key role.

We are seeking a new Committee member to fill the role of Treasurer who will work with our experienced Finance Working Group, and with a new team member who will be solely focussed on the finance role. Currently financial management and analysis is undertaken by the team member with strategy, process, and funding roles. The team feel that a dedicated and qualified financial manager and analyst will provide a more resilient team as we look to increase our funding income in future years as they will be able to undertake the more detailed financial management and analysis that will be required as we grow.

We are also seeking to include someone who has Equality, Diversity, and Inclusion experience and expertise, particularly in helping us to assess the social value we add in these areas. We have also identified that a Funding and Grants Working Group will be vital over the coming years, as well as a group to focus of the development of a social impact measurement and strategy.

Within the operational team we have a group of four members who make up the strategy working group. This group meet regularly and discusses higher level operational decisions and processes, and is the conduit between other team members and the committee. There are also lines of reporting for other team members to the strategy working group (black lines on the diagram).



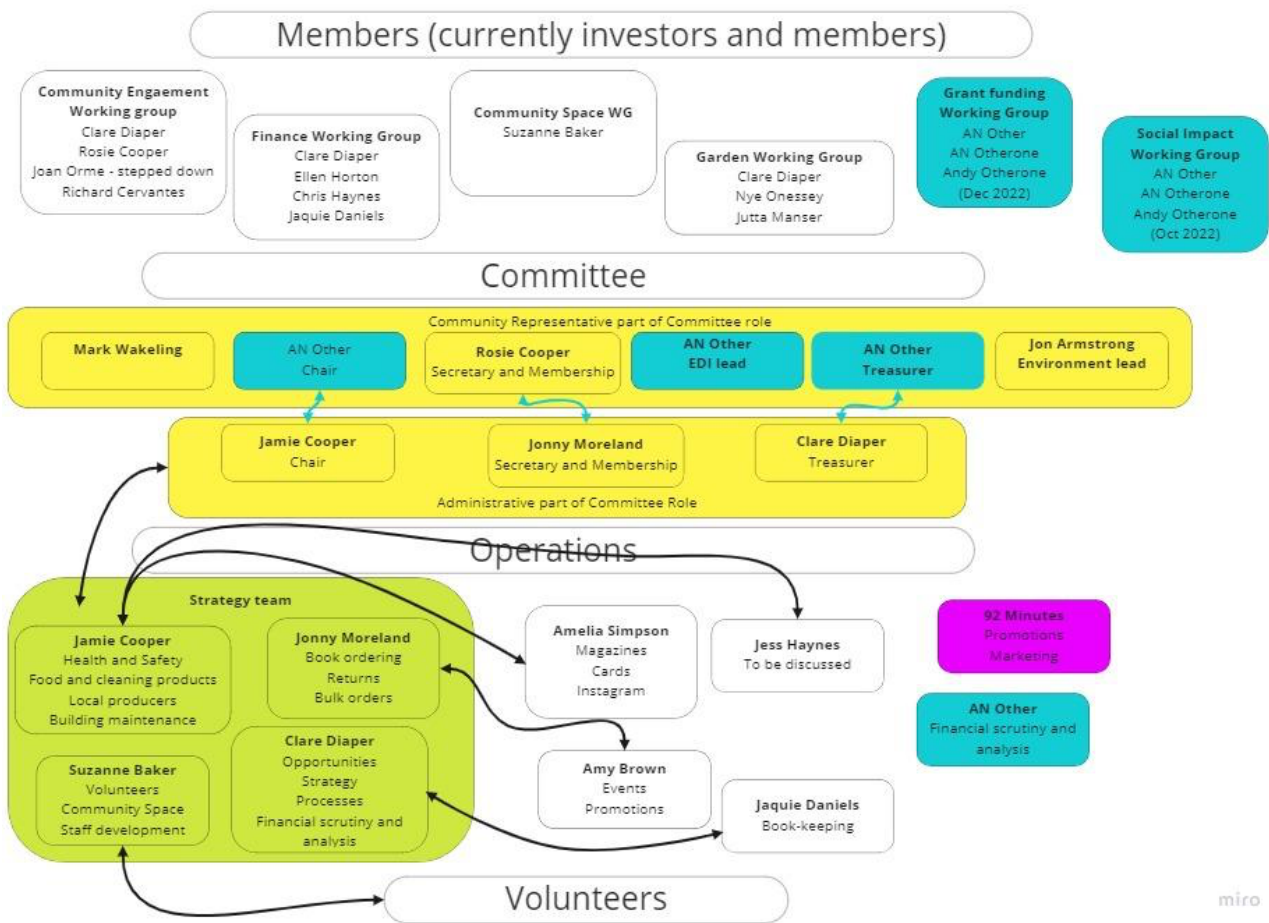


Figure 1 October Books working and aspirational governance structure (blue highlighted cells are aspirational)

Despite the allocation of roles, these are used as guidelines rather than legal requirements and overall responsibility for all aspects of the business are to be equally shared amongst the committee. We have adopted the Co-op roles template for roles within our committee as we want to adhere to good practice. We will review the structure and governance annually.

\* As per our Quorum in our model rules we need to have more non worker members of a committee than worker members

\* Although all committee members in current diagram have roles assigned there is room within the structure for Committee members to join who are not assigned specific roles such as Chair, Treasurer and Secretary.

A brief description of the role and responsibilities of the committee within this structure are attached in Appendix 1 of this document.

### 1.3.1 Legal Form

Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014

- Registration Number 23241 R

- Date of registration as a Community Benefit Society 17th June 2022
- Change of Rules on Membership to a Multi-stakeholder Co-Operative 14th December 2017
- Previous date of registration as a Neighbourhood Co-operative 14th April 1981
- Registered office - 189 Portswood Road, Southampton,SO17 2WX

### **1.3.2 Asset lock**

We have an asset lock which means that if the Society is wound up, any residual assets left after meeting all liabilities cannot be distributed among Members but must be passed on to an organisation with a similar asset lock. Providing there are sufficient funds, Member's share capital will be returned before calculating the residual asset value to be passed on.

Below is a description of our Asset lock in place as per our society's rules which can be [found on our website](#).

Pursuant to regulations made under section 1 of the Co-operatives and Community Benefit Societies Act 2003 all of the Society's assets are subject to a restriction on their use. The Society must not use or deal with its assets except:

- a Where the use or dealing is, directly or indirectly, for a purpose that is for the benefit of the community;
- b To pay a Member of the Society the value of her/his withdrawable share capital or interest on such capital;
- c To make a payment pursuant to sections 36 (payments in respect of persons lacking capacity) 37 (nomination by Members of entitlement to property in Society on Member's death), 40 (death of a Member: distribution of property not exceeding £5,000) of the Act;
- d To make a payment in accordance with the Rules of the Society to trustees of the property of bankrupt Members or, in Scotland, Members whose estate has been sequestrated;
- e Where the Society is to be dissolved or wound up, to pay its creditors; or
- f To transfer its assets to one or more of the following:
  - a prescribed community benefit society whose assets have been made subject to a restriction on use and which will apply that restriction to any assets so transferred;
  - a community interest company

### **1.3.3 Withdrawable share capital**

October Books Limited has the ability to offer withdrawable share capital also known as community shares. Withdrawable, non-transferable share capital is a form of equity uniquely available to co-operative and community benefit societies. Interest, rather than dividend, is payable on invested capital subject to the Society being profitable enough. Unlike traditional transferable shares, Community shares do not increase in value, although in certain circumstances their value can be reduced. Community shares carry one vote per member in the Society's affairs, regardless of how many shares that member holds.

### **1.3.4 Community of benefit**

October Books has been serving our community in Southampton for over 40 years. The business started as a voluntary organisation in 1977 and then became a workers co-operative in 1981. The original rented premises were in Bevois Valley (SO14 0JG postcode) around 1 mile away from the current location. The move

to Portswood was made in 2003 and so the business has grown its roots here for nearly 20 years. Many of our current supporters and customers are people (or their children) who helped in the first premises.

The retail premises are on the local Portswood High Street in Southampton, which is one of the 40% most deprived neighbourhoods in the country. To the north east, our next adjoining suburb is also in the 40% most deprived in the country. To the south and the neighbourhood of St Denys we move into an area that is in the 30% most deprived. To the north west, the adjoining neighbourhood of Highfield where we have connections with the residents Association and local business is one of the 20% least deprived neighbourhoods.

The bookshop's original location when it was founded in 1977 (1 mile away from our current location) is in one of the 20% most deprived neighbourhoods in the country.

Our community includes a significant proportion of students as we are located only a mile from the main Southampton University campus, which no longer has a bookshop.

Due to the diverse nature of our immediate and surrounding communities we serve a large range of different local customers including:

- Southampton and Solent University lecturers and students
- Schools and playgroups
- Residents Associations
- Vegetarian, vegan and gluten free consumers
- Theatres and other arts venues i.e. Nuffield, God's House Tower
- Professional associations and organisations i.e. Hampshire Association of Clinical Psychologists
- Local political and religious groups that meet our values and ethos
- Campaigning groups and activists
- LGBTQIA+ community
- Vulnerable members of our community

Prior to our move to new premises, we knew we had lost some connection with local groups and organisations who have supported us over the years. As part of a more outward facing strategy, with the aim of reconnecting with these groups, we organised a series of workshops to ask our community what they would like us to be in the future. We also organised the Human Chain, inviting supporters and local residents to come and join us in moving books from our old shop to the new premises. The event was an unprecedented success with over 200 people forming a Human Chain on our local High Street to help us move our book stock. News of the event went viral and, following an article in The Guardian, other international newspapers ran the story, including The New York Times and The Washington Post. This event was a great way to reconnect with our local community and showed that there is general support with other traders for community focussed activity.

The issues faced by our local community are multifarious due to the demographic and cultural mix, as well as some built environment challenges.

In our immediate location there are issues with homelessness and anti-social behaviour. We have worked closely with the Society of St James, a local charity providing support for the homeless, in the purchase of our new premises and the first and second floors of our building are home to 11 ex-rough sleepers. We have built good relationships with other local organisations (Mencap, Carers in Southampton, neighbouring traders) in order to improve a run down and neglected alleyway at the rear of our premises, something that

has been an issue for residents and traders alike for many years. This is a significant challenge and will take considerable community development over time to address the issue fully.

Our local High Street has suffered with the closure of many anchor shops and organisations over the last 5 to 10 years. There are now no banks in our local high street and all have been repurposed as food outlets, with ours providing some variety to this mix. Many of the other empty premises have been renovated and occupied in the last few months but again these are mostly food outlets which limits the offering of the local high street. The building of a large supermarket is a possible cause of this reduction in diversity.

In our broader community there are issues with loneliness and isolation amongst all groups, with increasing concern over loneliness and depression amongst the student population. With most of our immediate local neighbourhoods being more deprived there is also the risk of financial, food, and energy poverty with predicted significant increases in the cost of living. There are currently at least two food distribution centres within a 1 mile distance of the shop, as well as a number of free or low cost lunch and cafe clubs. We do serve a significant number of older customers as well, and we hear anecdotally of many issues accessing public services.

Our current location is around 1 mile from Southampton University and our relationship with this institution has been fundamental to our ongoing success over the years. We have worked closely with the School of Humanities and provided course books for students, books for their Lifelong Learning courses, developed relationships with specific lecturers and provided them with a non-academic outlet for their works, hosted teach-outs when lecturers needed off campus space during strikes and we have hosted many student volunteers over the years. More recently we are working with the Student Innovation Programme and Internships providing a learning space for students. Students find out about a different kind of high street and retail space and a co-operative way of working, and we benefit from their skills in developing an Environmental Action Plan or a website update, for example.

We have worked with local schools in Southampton for at least 20 years, providing them with free books for distribution to pupils on World Book Day every year (currently around 4000 books are distributed). At least three of these schools are in areas that are among the 20% most deprived neighbourhoods in the country. We have also built a good relationship with the school nearest to our original premises, Mount Pleasant Junior School, providing them with discounted books for their new library. This school is in one of the 10% most deprived neighbourhoods in the country. We also host children's book events and storytelling, and stock a wide range of books relevant to children which tell the stories of an inclusive, diverse, and equitable world where the earth is cared for too.

We have a great relationship with several local history writers and Southampton tour guides and provide a space for other local authors to talk about their fiction and non-fiction titles. We have at least one local author talk or book launch each month. We are also able to provide a space for local artists to display and sell their work with a dedicated exhibition area in our community space.

We serve a local, regional, national, and increasingly international community with our in shop and online events programme. We cover a wide range of topics and genres and have had conversations about climate change, the urban/rural divide, colonialism both locally and internationally, religion and dogmatism, society's treatment of mental health, migration and refugees, transexuality, homosexuality in rural communities, the art of translation, and so much more. We hold a safe space for authors and attendees and aim to ensure all voices are heard. Over 95% of our events are offered for free in order to make them accessible to as wide a community as possible.

In addition to these direct benefits to our customers as individuals, a recent report from the Booksellers Association has found that bookshops are key contributors to successful high streets and describes a ‘halo effect’ for their communities. We are proud to be able to identify with this effect and to know we contribute to the attractiveness, liveability, innovation and experimentation in our local high street. We can demonstrate this through some of the activities we have hosted over the past year, a pop-up high street green space, a community arts performance on the high street with a 9ft tall puppet, and the development of a community garden.

Through this business growth plan and associated Community Share offer we will

- reach out to a wider, more diverse audience in our local community, to reach those who have not come in to our shop, or perhaps have never been in a bookshop
- reach out to people in communities facing deprivation, including schools in those areas
- reconnect with local community groups and organisations
- work with other stakeholders to improve the run-down alleyway to the rear of our premises
- provide more activities to combat loneliness and isolation
- provide more opportunities for students to engage in the local community
- promote the work of more local historians, authors, tour guides and artists
- grow our existing member base and initiate an induction programme for our members in order to engage them with all aspects of the business
- provide a safe space for marginalised groups
- raise awareness of the benefits of community ownership to a wider audience, including local policy makers and other business organisations
- contribute to the ongoing success of Portswood High Street

### 1.3.5 Members

October Books became a multi stakeholder co-operative in 2017 when we asked our community what they would like us to be in the future. We had nearly 70 local members join at this stage (Table 1), some of whom went on to invest in our Loanstock issue in May and June 2018. Many investors chose not to become members and we had over 200 people investing with us to facilitate the purchase and renovation of our own building.

Over the subsequent years we have had a steady flow of new members and with only 3 members leaving as they had moved out of the area and one member passing away. We have not been actively recruiting new members in the last year (2021 to 2022) and have focussed on re-engaging with existing members and conversations about a move to a Community Benefit Society and Community Share Issue. Since registering as Community Benefit Society we only have one class of Member.

*Table 1 Membership numbers since July 2017 and transfer to multi stakeholder co-operative*

	Joined	Left	Total
July 2017 to June 2018	69	0	69
July 2018 to June 2019	20	1	88
July 2019 to June 2020	12	2	98

July 2020 to June 2021	2	1	99
July 2021 to June 2022	1	0	100

Members become involved at October Books primarily because they align with our ethos and values. They receive a regular monthly newsletter which provides detail of ways they can get involved, information on our free events programme, as well as requests for help from the operational team. Our members are also invited to our quarterly members meetings and annual general meeting as well as social events throughout the year. Members meeting provide a forum for members to find out what has been happening with the business in the previous quarter and are a place where members can offer ideas and thoughts about the running of the business. Face to face meetings have not been the norm over the last two years, and since the pandemic we have seen a decline in member involvement. We plan to reinvigorate our connection to our new and existing members with an induction programme and regular drop-in sessions, starting in Autumn 2022.

### Volunteers

We also have a growing team of dedicated volunteers at the shop. We offer training and support and have an employee dedicated to managing volunteers and their welfare. For regular volunteers (5 sessions or more) we offer a 20% discount on all book purchases. Volunteering has no bearing on Membership status and volunteers are not required to be Members. See more in section 3.4.6 Key people.

## 2 The business

### 2.1 Business growth strategy

In summary our Business Growth Strategy is to:

- a Sales growth - Increase product sales across all lines by 10% in 2022-3 and turnover (including room hire) by £35,000 in 2022 to 2023
- b Increase income from room hire to £2000/month by January 2023
- c Improve and maintain Gross profitability at >52%
- d Increase Income from Event ticket sales and or donations to £150/month from July 2022
- e Maintain Online sales commissions (Hive and Bookshop.org) £350/month to November 2022 and then a £200/month increase by January 2023
- f Maintain Local product (including artwork) sales of £210/month and 5% increase thereafter
- g Improve the website as a point of sale
- h Trial new services to increase sales e.g. Books For Wellbeing
- i Develop a new product line from September 2022 with income of £400/month and 50% profitability
- j Engage new market segments e.g. Increase bulk sales to schools, sales to anchor institutions by another £4500 for 2022 to 2023 and a 10% increase thereafter
- k Attract more grant funding aligned with our social impact and community activities of £5,000 for 2023 to 2024, £50,000 for 2024 to 2025 and £20,000 thereafter
- l Increase Membership engagement by 50%

- m Improve capacity: increase average volunteering time period; Recruit a team member to lead the Financial scrutiny and analysis; Recruit Committee members into Treasurer and EDI roles, social impact assessment and funding working groups.

Other purchasing assumptions are detailed in Appendix II

### Sales growth

In terms of sales growth it is no longer enough to just provide a traditional book retailing environment. Competition from Online sales and multiples make this proposition non-viable. We have and will continue to explore other income generating opportunities and diversify our different income streams. We will continue to look into other opportunities for this diversification such as event income, refill stations, increased community space hire by reaching different audiences, and increasing our range of greeting cards significantly. We aim to engage with our customer base in new ways with the redevelopment of our website and change of hosting platform. We will have a smoother online customer journey along with being able to offer a significant number of books and our curated selections directly through our online platform. The new website will maintain the flow traffic within our website, rather than the options we currently have which involve third party websites and commission. This will not only improve our sales and customer experience, but will also improve the profitability of the books we sell with direct orders having a better % profit than those through the third party suppliers.

### Community space Hire income growth

Our overall plan is to increase the income from hires to £2000/month by January 2023. Prior to the pandemic, regular hires were over £1500/month with a couple of key groups using the space, one being a counselling service which provided regular and long-term hire. There was potential to grow the income as there were a number of vacant slots available. We now have a dedicated team member to develop this income.

A plan of outreaching to different audiences was put in place in April 2022. Actions that have already taken place are contacting previous hires, trialling a cafe, mapping significant contacts in local institutions/ government departments to inform them of the opportunities to hire the space.

The next steps in the development of this income are to engage in a consistent social media campaign, trial a fee paying co-working space, outreach to local charities and contacts in the societies at the university, and to encourage key groups back into the space. A full list of actions to be undertaken until May 2023 are outlined in Appendix III.

### New services

To further engage with a wider community and to build our books sales, we launched a Books for Wellbeing scheme in June 2023. Books for Wellbeing celebrates the power of books, both fiction and non-fiction, to improve our wellbeing. The aim of this scheme is to increase book sales while developing relationships with

organisations, companies, and groups across the city while linking the key themes of inclusion, social change, learning and storytelling that the October Books team have identified as priorities for the business. In addition, it is a great opportunity to engage our existing community and members with a wider geographic community in the activities of the shop, as well as asking our members to be ambassadors of the scheme throughout the city. Members of the scheme will be asked to share the stories of the books that inspired them and these will then become the next books for wellbeing recommended reads. The scheme will also promote and increase awareness of the business in the city as we move to a CBS and launch our Community Shares scheme. We will aim to purchase the books in bulk direct from publishers at a better discount so that our profit margin is not affected. The offered 10% will only be for selected books in store. We are looking to have at least 100 members signed up to this scheme by the end of the year from anywhere from 5-10 local organisations and companies. We will then use these existing links to grow and reach out to more organisations over 2023.

### New market segments

In addition there is potential to develop other market segments and we aim to nurture links with local schools to develop the educational market. Many of our co-operative members have a strong background in school based education and we also have strong connections with the local universities. We aim to offer a service beyond that of the large schools based wholesale operations by providing personal advice and guidance to teachers on titles. There are a number of local schools that we liaise with each year to provide free World Book Day Books and we have been using these relationships to become recognised suppliers for the schools and their libraries. There has been a shift in local council procurement policy where they are aiming to involve more local businesses in all aspects of their procurement: Southampton City Council website states, '[w]e seek quotes from suppliers from within the Southampton city boundary and SMEs wherever possible and in accordance with our CPRs and related policies.'<sup>1</sup>

This policy appears to have been passed on to schools. This last year alone we have sourced multiple large orders from three local schools looking to both renew their libraries alongside getting books for departments for the students throughout the year. We are currently receiving 1-2 large bulk school orders a month and aim to drive this up to 3-4 by the end of the next financial year. With these orders averaging £500-600 per order we expect this to increase revenue by £1000-£2000 a month by the end of the year. This will be a big focus for us going forward as a way to replace and grow upon the income from the sale of academic titles at sales stall on campus at Southampton University each semester.

With multiple higher learning establishments alongside a vibrant cultural scene, Southampton has a thriving programme of events and there is always more potential to link with these to promote book sales. For example, establishments such as the John Hansard Gallery, God's House Tower and Parkes Institute put on well attended events throughout the year that draw large numbers of people with specialist interests to stay in the town, offering an opportunity for themed sales. Alongside book sales at these events these are great opportunities to engage with local groups and organisations to promote our community space and look to increase bookings.

Increasingly bookshops offer events such as author talks, book signings, and readings. We are no exception, and have a strong event programme in place where we run a combination of online and in person events at

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<sup>1</sup> <https://www.southampton.gov.uk/business-licensing/supply-council/>



least twice a week. There is no local venue offering such events, even though the local demographic suggests that there would be a target market. Running events increases footfall and has the potential to increase specific sales. All our events are free to attend as we believe this is in line with our social offering, making these events as accessible to the local community as possible. We are also trialling a donation tier with our free tickets and this has already seen success with people opting to pay a small fee for tickets even when they don't have to. We will increase this offering and also look at what other tiers we can offer, for example offering a copy of the book within the ticket price for local author events to really drive sales.

#### Grant income

Grant income will be a key component of developing the business and the projects we are discussing with and for the local community. Our move to a Community Benefit Society puts us in a better position to apply for grants to help improve the projects we have in place to give a greater benefit to the local community. We aim to have a Working Group that consists of general members, operational team members and members of the committee whose goal is to investigate, locate, and apply for grant funding by year end 2022.

We will review and research our social value and measuring our impact on the local community over the coming months (Oct to Dec 2022). We are already engaged with Southampton University Social Impact Programme and are expecting to have a team of students working on this and providing some initial retrospective assessment using existing measurements in Autumn 2022. We will also develop additional metrics as an outcome of this work. All research into our social impact will play a pivotal role in helping us to achieve the grant funding set out in the assumptions of this business plan. With an aim of raising upward of £50K in funding over the next few years we will also set up a working group whose task will be to deliver a social impact report come Summer of 2023.

#### Membership engagement

Our membership engagement will also play a pivotal role in the growth of the business. With investors converting to members and the transfer of our existing members, we will have a base of ~150 members of the Society pre the share launch. With the capital we need to raise and the minimum share offer limits, we are looking to increase this number to around 300-400 members come the end of the share offer.

With this increased membership base we will develop a new structure for engagement with a more formalised introduction process and member socials alongside the regular quarterly members meeting. The focus of our member meetings will be on providing a menu of options for members to get involved in, from simple activities like telling family and friends not living in Southampton to buy from October Books on bookshop.org, through to membership of new working groups focussing on funding and social impact. This menu of options will be drawn from the activities and tasks as identified in this business plan.

#### Increase capacity

October Books plans to grow the business with a focus on growing our existing connections and skills with the many areas covered in the business plan whilst improving and developing our current multiple revenue streams. In terms of adding to our existing skills as a team, after a skills audit of the committee we highlighted the need for new Committee members who have financial management and analysis skills, another with equity diversity and inclusion knowledge, as well as someone to provide advocacy in the role of Chair (see Figure 1). Training in these roles will be sourced and offered to those willing to take on the

positions yearly after our AGM, and we aim to have the means for this training in place by our next AGM come December 2022. In terms of numbers we currently have 6 members on our committee and would look to grow this number to at least 8 after the intake of new members, and after the December AGM.

## 2.2 The marketing strategy

Below we will set out the objectives and expectations for our increase in product sales and a return to significant room hire income. We will also present our aims for future grant funding and how this will play a part in the business. There is a description of the products we currently sell and lines we will look to increase, and how we aim to position ourselves against our competitors with a pricing strategy based on creating and maintaining loyal customers. After our increase in online sales and presence during the pandemic we have a big focus going forward on improving this offer and using all of our social media channels and website to do this. Getting the word out about what we do and *why* we do things the way we do them is key to people and customers investing financially or with their time, and it is with this in mind that we outline our marketing and promotional strategy below.

### General Marketing Plan

The focus of our marketing plan is to achieve our goals of increased sales across all products lines, a return to pre-pandemic income from room hire and an increased income from grants, is to grow and deepen our relationships with existing audiences and to engage new transactional audiences. We will also use our Books for Wellbeing Scheme as a tool to connect to new customers, predominantly via their workplace.

We have broken down our external messaging by audiences and intend to use this method to achieve the best possible engagement across all the different categories of people who are associated with October Books. This method will ensure that all our marketing is targeted, not repetitive and will position the audiences at the forefront of all messages that go out as this is the best way to ensure effective engagement.

A lot of our marketing plan will be based around how we reach anchor institutions such as the local Schools and Universities and become the first port of call for procurement amongst these groups. Post pandemic, and leading up to it, the drop in academic book sales in general means we have lost a portion of income that sustained the shop prior to 2018. This focus on procurement for local Anchor institutions will be a major source of new income. The recent increase in sales to local schools has proven that this can be a viable and profitable income stream, without the increased overheads (staff time) of an externally run shop space, as was the case with the University stall.

### Community Share offer Marketing plan

Our core audience (current members and investors) will also be the focus of our marketing campaign for the Community share issue with the messaging 'together we can own a community business' and 'together we can own a bookshop'. Marketing to this group will be through our Members newsletter and through a series of community blogs on our website, which will be shared on social media. We have created a Share offer and Membership page on our website and included links to our business plan, rules, share offer documents and FAQs. We will also create a template email for members to share with others.

We will also:

- Send out a local press release prior to the offer
- Uplift in our Social media to represent 30% of content as we approach offer opening date and 50% of content towards the close date.
- Creation of a video about the share offer
- Create and curate a community blog series about the offer
- Have a dedicated hot spot promotion on the counter prior to and during the share issue
- Create tri-fold brochure and other literature for customers to take away and share with others
- Have signage in the floor to ceiling shop windows and outside Aframe promoting the share offer
- Promote the shop and the offer through merchandise
- Host monthly Saturday cafe drop in sessions for members, investors and interested parties to talk about the share offer
- Contact local residents associations with information about the offer
- Re-connect with past volunteers, workers and customers who may have moved away
- Spread the word of the offer to academic institutions
- Ensure all external promotions (bookshop.org, customer orders, Event ticket sales etc) include information and links to the share offer
- Use the Crowdfunder platform which we have used to engage with audiences previously

The additional costs of the share offer marketing are in Table 2

*Table 2 – Estimated costs of share offer marketing*

Task	Cost staff time	Cost purchases
Local press release	3 hours	
Uplift in Social media and increased interactions across all platforms	4-6 hours a week for 92 Minutes	£150 extra per month until November
Creation of video		£250 (student intern and 92 Minutes)
Regular Saturday cafe for drop in conversations	2-4 hours per month up until November 2022	
Hot spot promotion in the shop	NA	see fliers
Share Offer fliers	1 day of staff time initially 1 hour a week thereafter to ensure stock	£15.98 per 50 fliers  (Estimated 2000 fliers £640)

Task	Cost staff time	Cost purchases
Window Display and internal posters	2-4 hours of staff time to create posters and set up display	£30 for internal posters printing
Merchandise to support offer	1 Hour of staff time a week to ensure stock	Tote Bags - £214.50 per 50 (sold at £8 each at a cost of £4.29 each) Badges - £20 hire of badge maker and £10 per bag of 100 badges
Members Newsletter advertising	2 Hours of staff time per month	N/A
In Common website advert placement	2 hours of staff time	£20 a month
Community Blog series	2-4 hours a week through until November	N/A

Our full marketing strategy can be found in Appendix IV of this document and this includes both our general marketing plan along with our specific Community Share Marketing plan and information on how we plan to effectively market the offer.

## 2.2.1 Market opportunities

According to the Booksellers Association 2022 report,<sup>2</sup> despite the double hit of Brexit and Covid-19, a further 54 independent bookshops opened up last year and BA membership is at the highest level for years. The market surrounding the book industry as a whole has become positive reading for all those involved. According to a recently published report<sup>3</sup> the global books market size was valued at USD 138.35 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 1.9% from 2022 to 2030. This has been in part to the adaptation of new media but despite the onslaught of new technology, books have proven to be extremely resilient within print, with printed books accounting for the largest market revenue share of around 78.7% in 2021. We have seen this to be the case at October Books with continued year on year sales increases in our books category, despite not offering much in the way of digital book media.

According to the EIBF's report a majority of overall book sales numbers across all channels saw an average rise of 5%, while a third of the analysed markets saw a 15% increase on the previous year. Furthermore the improvement of our online offering is going to set us up well in the future as the online channel is anticipated to register faster growth during forecast years with a Compound Annual Growth Rate (CAGR) of 2.9% from 2022 to 2030. The work we are putting into the online customer journey and improvements to our website make us confident that we can capitalise on these sales, drawing more online customers

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<sup>2</sup> <https://www.booksellers.org.uk/industryinfo/industryinfo/annualreview>

<sup>3</sup> <https://publishingperspectives.com/2022/06/eibfs-new-global-bookselling-report-markets-bearing-up-but-unevenly/>

directly through our website. This route for purchase will improve overall sales and the profit margins of these sales. Another big innovation for bookshops within this online space is the reselling of second-hand books in good condition through various platforms such as Biblio and World of Books at lower prices. This is something that we have been doing for years, and are set up to increase this revenue stream in the future.

Through continued collaboration and consultation with our community we have developed the community space according to their needs and wants. We hold quarterly members meetings and have space within this for our community to express their needs for the space. These ideas are then developed into projects to both increase revenue and facilitate activities the community wants to see in the space. Since our income from this fell to nearly zero during the height of the pandemic, we have already raised the income back up to £750 a month and projected income is £2000/month by January 2023. We have a versatile space and have recently added a room dividing partition and a community garden, we are well placed to continue to improve this revenue in tandem with our community outreach over the next 6 months.

A strength of October Books has always been our existing supporters, customers and contributors. At no point was this demonstrated better than during the pandemic where we managed to maintain a good level of trade while reducing our outgoings. This was in part due to our existing customer base and their willingness to shop local, and their desire to see a community owned business survive on the high street. From our crowdfunder campaign during the pandemic through to the number of expressions of interest forms filled in for the upcoming share offer (26 responses as at 23<sup>rd</sup> August), there is a clear ground swell of support to not only maintain October Books but to push it forward. With the future in mind we, along with all independent bookshops, act as place-makers in our communities<sup>4</sup>. From acting as an educational space for customers, to adopting practical approaches to lower our carbon footprint, we have a big role to play in both increasing awareness of social inequities and climate issues, alongside becoming a beacon of practical action within our local community.

## **2.2.2 Products and services**

October books has a number of product lines and books have always made up the most significant proportion of our sales, 63% in 2021 to 2022 (Figure 2 ). Food and cleaning products are the next most significant sales category (12%) and cards and stationery a close third (9.5%).

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<sup>4</sup> <https://www.booksellers.org.uk/industryinfo/industryinfo/booksellersasplacemakers>

## 2021 to 2022

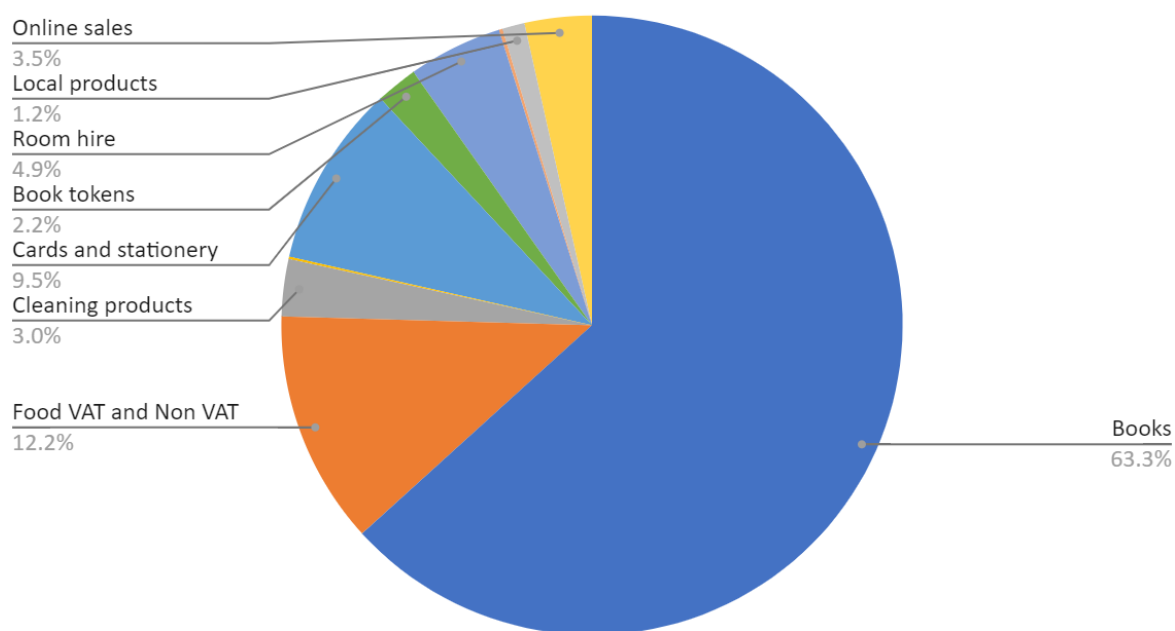


Figure 2 Product categories as a percentage of sales for July 2021 to June 2022

### ■ General Books

The general trend for increased books sales across all genres comprises a significant increase in downloadable audiobook sales nationally, but a decrease in print books and e-books sales. October books does not provide digital or e-book sales, although our main distributor does provide this service. When we investigated the possibility of e-book sales we found the process offered was cumbersome and likely to increase our data storage requirement significantly. It was also felt that those familiar with on-line e-books sales are not so interested in the personal service and additional support we offer to customers. In contrast to the rest of the industry, October Books has seen an increase in the sale of print books over the last two year, from £97.5K in year ending Jun 2020 to £108.2K in year ending June 2022. This is much larger increase than that nationally reported figure for the print books category of non-fiction/reference book sales, which were up only 1% and is much better than the overall 5% drop reported for all print book sales.

The COVID-19 outbreak increased the demand for books quite significantly across the globe, especially in the household sector. The pandemic resulted in a work-from-home situation for hundreds of thousands of people worldwide, which developed a wider scope for leisure activities and self-development among consumers. Books, being one of them, were desired by tens of thousands of consumers during this period of uncertainty and chaos, to focus on self-development as well as to spend time at home productively. This, in turn, has boosted the growth of the book market.

One of the key challenges in the market is the rising prices of print titles and consumers are now seeking alternative options rather than purchasing brand new copies. According to a Voice of the Reader survey, rising book prices are driving buyers to delay purchases. Thus, high book prices result in consumers finding lower-priced alternatives such as buying used books or downloading free and discounted e-books from

discount retailers. This is especially noted in the sale of Hardback books where unless it is a top tier title, people are very willing to wait for the cheaper paperback to come out, despite long delays in this happening.

Our sales of Books over the last year or two have been very strong and on par with previous years despite the breaks in trading due to lockdowns (Table 3). This is indicative of strong and stable customer response to the type of books we order, the selection we curate, and the way we highlight books along with the 48 hour delivery service we offer. We have done a lot of reporting work internally on the split in genre of our book sales with local history, politics, environment, and nature writing being the top sales categories. Both political books and nature books have been in strong growth over the last couple of years, with books in the political genre having been immensely popular. This looks set to continue. We specialise in these genres of books and believe this continued focus and time spent on curation will enable our book sales to remain on track for the foreseeable future.

*Table 3 Product category Actual sales and categories as a % of total sales*

	Actual Sales			Proportion of sales		
	2019 to 2020	2020 to 2021	2021 to 2022	2019 to 2020	2020 to 2021	2021 to 2022
Books	£97,493	£103,113	£108,192	60.6%	64.9%	63.3%
Food VAT and Non VAT	£22,512	£21,275	£20,853	14.0%	13.4%	12.2%
Cleaning products	£6,196	£5,386	£5,106	3.9%	3.4%	3.0%
Magazines	£852	£169	£196	0.5%	0.1%	0.1%
Cards and stationery	£14,743	£10,919	£16,274	9.2%	6.9%	9.5%
Book tokens	£8,428	£4,512	£3,718	5.2%	2.8%	2.2%
Room hire	£8,374	£779	£8,388	5.2%	0.5%	4.9%
Events, art sales	£265	£297	£308	0.2%	0.2%	0.2%
Local products		£1,274	£2,003	0.0%	0.8%	1.2%
Online sales	£1,920	£11,153	£5,982	1.2%	7.0%	3.5%

## ■ Academic Books

It was observed that the reduction in academic book sales is due to a number of factors, with Publishers Association c.e.o. Stephen Lotinga noting, "It's a mix of squeezed library budgets, and squeezed student budgets - whether students can afford to buy books. And there is clearly a move in a lot of universities towards not having recommended texts any more, but, with high tuition fees, providing more flexible course materials themselves."

This reduction in academic sales is a trend we have observed at October Books and our university stall sales have fallen year on year over the three years before the pandemic. We completed some initial profit and

loss analysis, and with current sales levels we were not making enough to make the stall viable going forward. Since the pandemic, we have not been running the stall at the university and we have been investigating alternative methods of selling and advertising academic texts to students, improving communication with course leaders and are promoting all the other products, events, and opportunities we can offer to students. We have also used both our website and Bookshop.org to create lists for students to shop with us online for all their academic text needs. Whilst to date this hasn't resulted in an improvement in sales we have developed a strong working relationship with the Student Innovation Programme and have had some invaluable help and insight from students on our Business Plan, our environment policy, and in Autumn 2022 we hope to have a team working on our social impact assessment.

## ■ **Cards, diaries and calendars**

A previous Greeting Card Association Market Report from 2020 suggested that the market in the UK is stable or growing, with the vast majority of cards being sold in physical stores rather than online. The summary highlights the importance of Christmas cards sales to the retailer. Cards are available from a significant number of retail outlets (one in six are reported to stock cards) so October Books needs to ensure it is offering something different to other outlets to maintain a local market share. We have recently increased our range to include notelets, due to a number of requests from customers, and will evaluate other potential stationery products and local markets to further increase our range. We have also branched out in terms of our suppliers, with a focus on locality, the ethical nature of the company and range of selection.

- Locality - We are looking to tie all purchasing in with our environmental policy, and this is a big step toward this focusing on where the cards have to be shipped from to get to the store. This focus also allows us to highlight more local artists and their cards and thus provide more benefit to our surrounding community
- Ethical nature of the business - This is to tie in with our Environmental policy as we look to reduce packaging and costs where we can. We have focused on packaging free cards and have partnered with new card suppliers such as the Eco-Card Company to ensure we are in line with our vision.
- Range and selection - We are in a good place on the high street with a big local competing card shop shutting down and we are already seeing an increase in footfall and new customers because of this. Year on year sales of cards are so far up on both the previous two years and this volume of sales is holding steady. Our increase in range is to capitalise on this increased trade and make us the place to go on our high street for greetings cards, diaries and calendars.

No free marketing reports have been sourced for the diaries and calendars sector. However, the comment is made that despite a predicted move towards electronic diary and calendar keeping, the sale of print diaries and calendars has remained stable. October Books has increased the range of cards, diaries and calendars in the last two years and has seen a subsequent increase in sales of 10% for the combined sales of diaries, calendars and cards.

## ■ **Vegetarian, vegan, gluten free and low environmental impact products**

Nationally there has been a significant increase in sales and interest in vegetarian and vegan products as the impacts of high meat content diets on our environment and climate are becoming clearer. October Books



community space currently hosts VegOut, a weekly pop-up vegan waste food café which has proved extremely popular. As well as income from the hire of our community space we have also seen an increase in product sales on the day of the café. We are considering other ways we can develop this creative community connection, through vegan food demos, selling vegan meal packs (everything you need to make a vegan meal), and celebrating other local vegan food producers. We are also focusing again on locality of products and seeing what from our existing range could be replaced with locally sourced alternatives. Partnering with Made in: Here, Southampton Sourdough, The Sustainable Chef, SORoast coffee, and Zaman Sauces we have also held launch events alongside new products to raise awareness and help promote goods made in our local community.

We are aware of sales in this category decreasing for the past three years likely due to the availability of these products in supermarkets and their higher price point. To combat this we are currently exploring the possibilities of refill stations to replace a good portion of our dried goods section, which would both decrease the price of the items and also allow customers the ability to buy what they need at a time with an eye on expendable income. We are also starting some work with a series of blogs aimed at helping people reduce their food spend by highlighting methods and recipes to use to create sustainable meals and dishes using the ingredients we sell in the shop.

The David Attenborough 'Blue Planet effect' regarding the use of single use plastics has seen an increase in interest in plastic free products. October Books has successfully introduced no plastic scourers and scrapers, no packaging soaps, solid shampoo, and conditioner bars and beeswax wraps to their product range. We have also co-hosted events with Transition Southampton to make no plastic Christmas decorations and discuss no plastic hints and tips at home. We have also installed a refill station in the shop with various ethical household cleaning products now available to customers with zero packaging. We aim to increase our range of these brands and decrease the amount of packaged cleaning products we do to both encourage the community to do the same, and stay in line with the vision of the shop. While we have seen year on year drop in sales from this category, since the implementation of the refill station in January this year we have seen a marked improvement with us hitting our sales prediction for this category in four of the last five months. We do need to monitor profitability on this product line over time to ensure it is viable.

We also stock a range of Gluten free and dairy free products and we will improve labelling and presentation of these items so they can be easily identified by customers.

## ■ Room hire and community space

October Books shop and community space is located on the High Street in Portswood, Southampton. The architect designed shop (which can also be hired in the evenings for community use) (longlisted for MacEwen award 2020) is a contemporary, creative, and welcoming space with floor to ceiling bookshelves and retains some features from the bank that used to occupy the building. At the rear of the shop is a dedicated community space, opened in April 2019, which comprises a large room with adjoining kitchen facilities, a small 1 to 1 room, a disabled access toilet and an outside space. The large room is currently divided with a retractable soundproof partition so that groups do not have to hire the entire space that also gives us a smaller room to hire alongside our 1-1 room. Our 1-1 room is currently hired out on a permanent basis as the office space of a local company called Touch Network and this provides regular stable income for one of our spaces. We also host a weekly Vegan cafe that hires the space one day a week to run a community cafe that has an emphasis on music, reducing food waste, and conversations. The smaller part of the space is set up as a gallery to exhibit the work of local artists on a rolling basis where we hold launch

events for artists and receive commission on works sold during the 2 month long exhibitions. The space is furnished with salvaged tables and chairs and can be set up café style, theatre style (we have a projector and screen), or furniture can be cleared for exercise, yoga, dance, choir, and other uses.

## ■ Magazines

The UK is a leading publisher of newspaper and magazine titles worth over £1bn each year. October Books sells a number of progressive and proactive titles but this is not a significant proportion of our sales. We are constantly reviewing and evaluating our selection to ensure our stock remains relevant, informative and on topic.

## ■ Services

We offer a wide range of services from our recently launched Books for Wellbeing programme aimed at developing relationships with other local businesses and increasing sales through to our free events programme. We also host a large number of Book launches both of local authors and globally known authors. During the pandemic we started developing an online offering of these and this has since been carried over as we have had great success engaging with customers from much further afield than previously thought possible. We now offer both hybrid online and in person events while keeping up our in person events to keep drawing people into the physical bookshop, which remains the heart of everything we do. We are improving the range of independent publishers we stock, becoming stockists for a few of the very niche publishers which again draws in a crowd of consumers to the shop that had previously not heard of October Books. This also fits our ethos of promoting smaller independent businesses and feeds back into the independent community.

Other services that we have gained from the recent pandemic include click and collect on food orders and local home deliveries of both grocery products and books. We have used volunteers to deliver this service and have had fantastic feedback from the community about how helpful this service has been and can continue to be.

A large service we have recently taken on is procurement for local schools and universities where we offer discounts on bulk orders. This has grown organically through a previous service we have had in place for years where we supply free World Book Day books to the local community through said schools. As laid out in our business growth strategy, we aim to increase this revenue stream by going out to the schools in the local area and fostering these relationships and offering packages to make sure they are aware of our services.

## ● Competitors

A full breakdown of Competitor analysis can be found in Appendix V, with a comparative analysis of October Books, Waterstones (a competing similar business), Amazon, and other online suppliers.

## ■ Summary Competitor Analysis

October Books is the only independent bookstore in Southampton. The importance of a physical store cannot be underestimated and to many of our customers the act of buying a hardcopy book in person is part of the buyer experience. Other book shops in the area are chain stores such as WHSmiths or Waterstones, stores which may be quite intimidating compared to the community feel of October Books. These other stores are located in the city centre, rather than in a more accessible local high street. Until the

summer of 2019 there was also a John Smiths academic bookshop at Highfield Campus of Southampton University. This has now closed. We also compete with online booksellers, such as Amazon, who are able to discount books, sometimes to below our cost price.

During the pandemic we increased our online presence using Shopify to set up online sales for food and cleaning products on our website and through joining Bookshop.org as one of 100s of independent bookshops to sign up to this new free service. There was a significant increase in our online sales in the first year of lockdowns (see Table 2) with over £11,000 of sales from this source. The profitability of this income stream is significantly below our in shop book sales at only 30% and we are charged VAT on this income as it is a Sales Commission rather than a direct sale. In the most recent financial year online sales have decreased significantly, compared to the initial year of trading (Bookshop.org was launched in November 2020). We will be asking non-Southampton residents to purchase books via this portal in our outreach to new customers and in our deepening connections with existing customers. The focus for our existing investors and members networks and connections will be to spread the word to friends and family far and wide to support the bookshop they are invested in via the Bookshop.org platform.

We have noticed that our online sales through bookshop.org have not affected our sales in the shop, which was a concern before we embarked on more online selling. This means the work that has been put into our online presence is generating new sales to go alongside our regular income. In comparison with online retailers such as Amazon, we offer a more ethical alternative with the same delivery times.

Cards are available at cheaper and similar prices locally at Sainsbury's, Waitrose, Clintons, WHSmiths, and other chain stores in the city centre. Many customers comment that we are the best place to buy cards in Southampton, as we offer the best range of art, political, and local interest cards which are not stocked elsewhere. Many of our card sales come from customers stockpiling cards, buying five or ten at a time so we need to maintain, develop, and promote our unique offering. As stated above we also aim to improve links and custom and with local artists through selling prints in connection with our gallery space in the community area of the building.

October Books knows that we need to think about how the business presents itself going forwards, specifically regarding non book related areas of the business. With both the food products and the community space there is local competition, with a Sainsburys and a Waitrose on Portswood High Street, and Roebridge Farm Shop, which sells a range of dried goods including nuts and pulses. Spaces such as the St Denys community centre & the Highfield Church centre are viable community spaces in the area and both have a more established presence than October Books. We need to be aware of these alternatives to our services and ensure we continue to provide something unique to our customers.

We also have the issue that the name, October Books, does not immediately suggest that the business also sells food and cleaning products and has community space to hire. Whilst a change of name is highly unlikely, some rearrangement of the shop space and additional signage and displays outside or in windows will help to promote these areas of the business. We have some designs for further signage on the outside of the shop that we are aiming to get made that would advertise the full variety of our product range. Alongside this we have made our range of food and cleaning products available through our website for both in shop collection and local home delivery. This was started during the pandemic to great success and served as a solid base for the shop to keep trading throughout. We will also investigate working alongside the Roebridge Farm Store and other local retailers to market these organic/vegan products, something that is already happening with the vegan pop up café.

### 2.2.3 Pricing Strategy

Our pricing is very much determined by our suppliers across all of our sales categories with the exception of Room hire and community space. As we deal mainly in new books, these come in from various suppliers and publishers with set prices and set discounts. For individual customers we keep to these recommended prices and we do not offer any kind of price matching. In the past we have price matched Amazon as best we could and while we found that whilst this placated the occasional customer, it never led to increased sales, just a decrease in profitability. We have not, for the last 3-4 years, been offering such a price match on our books and have not seen a decrease in sales in this category. Customers who come in are not paying for the book, instead by purchasing through us they are buying: personalised service, high street accessibility, investment in local community projects, investment in local community owned business, and are buying into the social change that comes from a place like October Books existing in the community.

With wholesale orders such as school and library orders we are in a position to reduce profitability on large orders over a certain amount to increase our sales. We offer a 20% discount on large single title orders to all organisations looking to order with us. We manage to offset some of this reduction in profitability by going direct to publishers with the orders as these are not often as time sensitive as individual ground level customer orders. The rates we receive from going direct often increase our profit on a book by upward of 10% and this then means that our offered discount of 20% is only decreasing our profitability of those books by 10%. Despite the reduction in profits of these discounts and offers they are very important in how we see the business and sales of this category grow over the coming few years.

Our other non book products (cards, calendars, diaries, grocery & cleaning products) again mostly all come with recommended RRP's that we use and stick to. In the case of Cards, calendars, and diaries we tend to source eco-friendly options for all of these and our prices are very much in line with other establishments that sell the same level of ethical goods in this category. This level of attention to the ethical nature of our goods does tend to add a little to the price when compared with similar products of a less sustainable/ethical nature in our competitors. The difference in price in this category tends to be nominal and does not impact our sales, with this category sales being very strong for the year to June 2022, and with the recent closure of a large competitor on the high street in the last year (The Card Factory) this is set to continue

Our grocery and cleaning products sales have been in decline as similar products are now offered in local supermarkets and the price point is high. Profitability on this product line is low so we cannot offer discount so we are looking at:

- providing stories behind our goods and why we stock what we do and making this accessible to the customer in store and online;
- education and workshops on how to reduce food waste and increase sustainability;
- increasing our range of refill products for both cleaning goods and food as these naturally lower the price for anything included.

Our Room hire and community pricing has been evaluated yearly to ensure we are in line with similar offerings in the area and further afield. Our hire prices are based on specific times of days and the week and the size of the area hired. This gives our customers a wide range of choices when it comes to working out their budget for the hire. Along with this we also have tiers for ticketed hire and not for profit events giving customers and hirers who have a social value to their hire preference and more affordability. We are keen to continue this as it fits well with our ethos and adds to the social value of what we can provide to the

community as a whole. To ensure repeat custom and encourage multiple use of the space we offer a 20% discount when any space is hired for 5 dates at a time, giving our customers a real incentive to use the space frequently. We have reviewed our rates for this year and once again found them very competitive both within our community and wider afield. Please find our rates for hire document in Appendix VI of this document

## **2.2.4 Place**

The main way customers will access, pay for, and receive our products and services is be in the shop in a retail environment. This is both necessary but also very deliberate. The aspect that drives a community business is the interaction of the people within it, and we see this as pivotal to the continuation and growth of October Books. The shop stands as so much more than just a retail space especially when you add in the community spaces and community gardens, the shop functions as a hub to the local area and people. Encouraging and promoting this environment has been key to October Books' growth in the past with so many of the positive ideas and developments the shop has been engaged with coming from direct in person communication between the shop and the customers. While we have been keen and quick to adapt to other methods of making our goods accessible via our website and are looking to develop this further, we will always put a huge focus on the personal interaction and space afforded to us inside our four walls.

Where products such as Community hire and income are only available inside the shop, our task has been getting the message out there about what the shop does and bringing people back into the shop through external promotion whether it be online, in local publications, or community boards throughout the city. This is a common theme in our outreach and external promotion for other sales categories, the need to get the message out there to bring people directly into the shop.

We will continue to work on methods of increasing our visibility across the community and Southampton through various means and will be ensuring our products and goods are still readily available to our non-local customers as readily as they are to our local ones. This will be hinged on both a redesign of our current website to improve flow and ease of use, along with the transfer of the website to a more sales ready platform that is coming at the end of 2022.

## **2.2.5 Promotion**

October Books engaged a social media specialist prior to our move to new premises and we have since developed our Facebook, Twitter, Instagram, and social media profile, as well as updated our website, connected with other co-operative industry leaders, and raised our online profile enormously. Figure 3 shows the continued increase in our Twitter and Facebook audiences over the previous two years. Our website now has an ongoing weekly blog packed with book reviews, events, community bulletins and much more. We now have a store on our website where pay and collect grocery products can be ordered, along with October Books vouchers and some seasonal promotional goods. Alongside this we have a storefront on Bookshop.org where customers can order books directly through this website which acts as our online bookstore. We are in the process of developing a new website on a new platform that would allow us to house and sell books directly from our website, rather than through a third party. This would both increase our profitability on online sales and also keep online traffic on our own website. This is likely to be ready by

the end of 2022, and will work in tandem with our in store catalogue as our main book supplier is a partner of the new website platform.

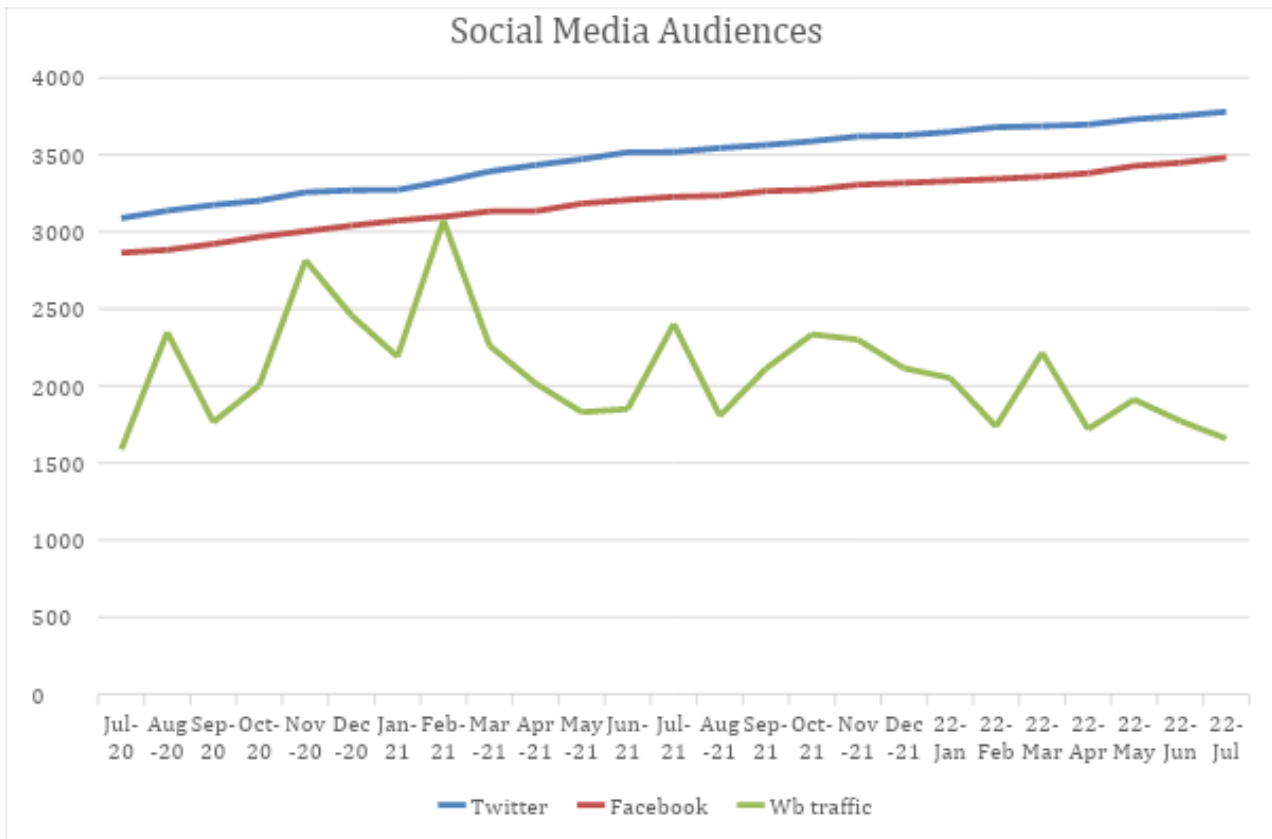


Figure 3 Increase in Social media audiences from July 2020 to date

We have dedicated space in the shop for advertising bookshop events and local author promotions, as well as an A-board which is placed outside the shop. Posters for our events are now posted on various sites online and in person, and this is done at the start of every month. We have set the shop a yearly budget for external sponsorship that can be used to promote various projects or events that the shop is undertaking. We have so far partnered with In Common and before that Social Light magazine, and produced content and an advert for both for a monthly fee. These subscriptions will be reviewed quarterly to ensure that our advertising stays relevant and that where our advertising is proving successful in raising our profile.

We have had great success with other community events increasing sales, raising awareness of the book shop's existence, and generating free publicity for the bookshop. This has been aided by our reconnection with our local radical and activist community, people with an interest in radical politics and social movements, the rise of solidarity economics, interest in climate change, veganism, and ethical living.

We also link in to other events sites in Southampton where appropriate i.e. What's On Southampton, and collaborate with two local residents' associations (Highfield Residents Association), and Outer Avenue Residents Association, through their newsletters. We are also members of Action Hampshire, Co-ops UK, The Booksellers' Association, The Alliance of Radical Booksellers, Southampton Area Co-operative Development Agency (SACDA), and have strong connections with Transition Southampton, The Southampton Collective, and The Solidarity Federation

## **2.3 The development plan**

### **2.3.1 Progress to date**

Prior to the move to our new premises the October Books financial situation was poor and connection with its vibrant, radical community had been somewhat lost. Cash flow was dire with continued use of an overdraft and the only real plan for raising funds was to ask existing investors to increase their loanstock holding or agree to short term loans. With a £30,000 bill for rent each year, a different business model was needed if the business was going to survive.

The changes in the business were initiated by a series of workshops when the new team asked the community what they wanted October Books to be in the future. In this way the community were on board with any plans and were very keen to support the new venture. Many hundreds of volunteers helped along the way and this re-ignited enthusiasm for October Books as a community hub. In recent years there have been a number of changes in the team and there is now a new Committee and operational team in place. Shop sales have increased year on year despite the pandemic.

### **2.3.2 Development overview**

Since the move to new premises October Books has been able to take on new staff and grow the sales income for the business. We have moved from four part time staff in early 2018 to 8 part time staff who have skills in business management, expertise in book buying and literature, events organisation and management, and the relational aspects of volunteer engagement and community development.

We are still lacking a dedicated finance staff member and committee member and someone dedicated to working on our equity, diversity and inclusion policy and plan.

We had a survey of the building prior to purchase. Unfortunately, the report did not identify problems with roof joists and structure and correcting this was an additional expensive part of renovations which had not been budgeted (£25,000).

We currently have 100 members all of whom will transfer to our new membership regardless of whether they are current investors. All these members will receive a copy of the business plan at least two weeks prior to the launch of the share offer. We have over 200 current investors, and we have made contact with all via phone or email. There are 26 investors who we have not heard from since their initial investment in 2018.

New members who purchase community shares will be invited to monthly drop in sessions in our community space where they can come and learn more about the business and how they can be involved. We will also be developing a Member Induction Pack (something we had trialled prior to the pandemic) so that we can let members know about all the ways they can be involved. We will also plan more social events and spaces specifically for our members where we can collect their ideas of future plans for the business.

There are others audiences we would like to engage with our shop customers, our volunteers, our Event Attendees, those we meet at external events, Local traders/organisations, other Southampton residents, and others who don't live in Southampton (past volunteers, employees and customers), and there is a marketing plan with strategies for each of these audiences (See Section 3.2)

## **2.4 Operational plan**

### **2.4.1 Premises**

October Books purchased 189 Portswood Road in August 2018. A former Natwest Bank building the accommodation comprises three floors, with the ground level providing 1100 sq ft of retail space which includes a small office, storage space (the old strong room), and a lobby area. In addition the ground floor incorporates an 800 sq ft community space with fitted kitchen (including cooker and fridge), a disabled access toilet, a small 1 to 1 treatment room, a corridor with additional retail space and an enclosed community garden. The large community space has recently been fitted with a sound proof partition so that we can hire out different parts of the space. The front of the building faces onto the busy Portswood High Street. At the rear of the building is an access road which provides vehicular access to other charity and commercial businesses (Mencap, Carers in Southampton), as well as access for many residential flats that form part of our local high street. The building was purchased at £380,000 in August 2018.

The first and second floors of 189 Portswood Road provide residential accommodation and are owned on a 150 year lease by The Society of St James.

The potential value of the building was estimated at the time of purchase (2018) by a local valuer at £450,000. This did not include the value of the conversion of the first floor into residential accommodation.

As the building was purchased and designed to provide the retail and community space requested by our members it completely fits our business model, with a mix of retail space for the sale of books, cards, food and cleaning products as well as a community space and 1 to 1 room which we can hire out to local organisations. In addition, the retail space is designed to be flexible with moveable bookshelves and can be used for events and for hire as well. We do lack storage in our community space and we will likely be using some of the funding recently received to create storage areas for chairs, tables, and other community equipment.

### **2.4.2 Equipment**

As we are a strong existing business all equipment is in place in the shop for the delivery of this business plan and the sales predictions contained therein. We have a physical presence on the high street combined with a growing online presence to be accentuated with the delivery of our new website come the end of 2022. We have a strong base of existing suppliers, with a good relationship with Gardners, our main book distributor. They have provided our internal EPOS and book cataloguing system, known as Gardlink, and we have a yearly maintenance contract with them, as this is a critical component of the business. The EPOS system purchased in 2020 from a Community Business Trade Up grant, has made great improvements in terms of reporting and financial control compared to our previous analogue till system. The contract with Gardlink means both of these systems are constantly reviewed and upgraded to improve customer service. The hardware to run these programmes is all in place and our master computer was updated alongside the EPOS update to be able to run the programme. No further hardware updates are needed any time in the near future.

Our Community space is well equipped for multiple styles of hire and events and is designed to accommodate as many requests as possible. Our kitchen was completed 2 years ago, again with the help of a successful grant application. This has been vital in retaining our current Monday Pop Up cafe which brings in a great community to the shop. We have recently installed a partition in the Community space that will



enable us to split the larger room in two so we can host multiple hires simultaneously. This is done with a view to raising our income from the space to pre pandemic levels and will enable us to reach out Counselling services who previously hired the space regularly as we can now offer a smaller private area for such hires. We do need storage space in order to keep the area clean and tidy.

All the physical equipment such as bookshelves, display shelves for food, cards, calendars and all non other local produce are all in place for delivering the sales within the shop. We have plans to look at the layout of the shop and see where we can make improvements in terms of the customer journey. This will not require any further equipment, just some internal work done on existing equipment to make it fit for purpose.

### **2.4.3 Suppliers**

A summary of our supplier, what they supply and the financial terms of our arrangement is provided in Appendix VII. Gardners is our main supplier of books as well as our provider for EPOS and book cataloguing. We do work directly with other large publishing houses, particularly for bulk ordering and we are also developing some strong relationships with smaller independent publishers. This approach means we are not solely reliant on Gardners, and are supporting the smaller presses which align with our ethos and values as well as lowering the carbon footprint of the book production chain. We have recently been working with a publisher who has no online presence and that has been really popular, an interesting demonstration of the intrigue of inaccessibility. We have also had our first room hire by an indie publisher, a great event that provided all parties with benefits.

The majority of our food and cleaning products come from one supplier, Infinity Foods in Brighton, a co-operative who invested in our loanstock issue when we bought the bank. Our service and support from them mean we are unlikely to change suppliers.

Our cards come from a range of local and national suppliers and we are now requesting plastic free packing on all lines.

### **2.4.4 Other contractual arrangements**

When we purchased our new premises we worked with the local charity, The Society of St James (SSJ), to purchase the building. The sale of the first floor premises to them in November 2018 provided further income to pay for the upgrade of the rear of our premises into a community space. Further, the leasehold on the flat on the top floor of the building came up for sale and SSJ now own this, providing accommodation for 11 ex-street sleepers in total. SSJ pay October Books a minimal ground rent, currently £100/year. October Books and SSJ share the buildings insurance costs, with SSJ paying  $\frac{2}{3}$  of our total annual buildings' insurance. In our financial projections our insurance cost has been accordingly reduced.

In addition, during the renovation of the building we installed a small array of solar panels on the roof of the building, using panels and equipment donated by a local installer (Ben Ingham of Solar Roofing Specialists). We do have an inverter installed and when our supply exceeds our demand power is fed back into the grid. There was no charge for the capital costs of the panels and no charge for installation but we will provide Ben with 80% of the cost of our electricity use reduction. Additional metering was required in order to calculate this reduction and we are currently in communication with Ben in order to calculate the ongoing monies owed to him.

## 2.4.5 Policies and procedures

Below is a list of the policies in place for the operational running of the business. All Policy are available on request

1. October Books equity, diversity and inclusion policy (under development)
2. October Books Health and Safety Policy
3. October Books Children’s Safeguarding Policy (under development)
4. Adult Safeguarding Policy for October Books (under development)
5. October Books Financial policy (under development)
6. October Books Environmental Policy
7. October Books Data Protection & Privacy Policy (GDPR)
8. October Books basic grievance procedure
9. October Books Equal Opportunities Policy
10. October Books Drug and Alcohol Policy
11. October Books disciplinary procedure
12. October Books Customer Order Policy
13. October Books homeworking Policy
14. October Books Maternity Policy
15. October Books Equal opportunities policy
16. October Books Refund Policy
17. October Books Shipping Policy
18. October Books Privacy Policy

## 2.4.6 Key people

### ■ Clare Diaper

Roles: Committee member (Co-Chair), Worker (Shop Worker, Strategy, Funding co-ordinator, Strategic finance), Community Engagement Working Group member, Finance community group member

Clare has a wide range of experience in community development and engagement, project and process management, research and environmental equity and justice. Clare is a qualified community development practitioner and has a broad range of community connections in the city including the arts, health and wellbeing and environment and sustainability themes. Clare has a background in research and has managed large projects and budgets in previous roles in the water industry. Clare is also a co-director in a social enterprise, The Southampton Collective, which aims to progress collaborative projects in the city that support creativity, fairness, sustainability, resilient communities, grassroots-led action, inclusivity and a greener and more locally-owned economy. Her involvement in the Collective overlaps with and complements her role at October Books.

## ■ Jonny Moreland

Roles: Committee Member, Worker (Shop Worker, Book ordering, University stalls, second hand book stock coordinator, promotions)

Jonny has over fifteen years of history in operational and customer facing roles in a variety of environments - from call centres, to cafés, to aquariums. But much more importantly than this, Jonny is an avid reader. Having both undergraduate and postgraduate degrees in literature and philosophy means that he is engaged with literature in a very intensive way, but also understands the social, political, and societal issues which manifest themselves through the written word. Jonny also has an extensive background in organising literary events, as well as having had a long-running relationship with protesting, direct action, and cultivating grassroots campaigns. This puts Jonny in a fantastic position to engage with and strengthen our pre-established connections with the university and its students. His passion for experimental literature and independent publishing similarly poises him to diversify our stock offering, creating a healthier literary ecology in the shop. Jonny's postgraduate focus on the rise of fascism and environmental issues similarly mean that he is keyed into the culture of these issues, providing ample insight into their impacts on society, making him an excellent fit to update our book buying practices to be more in line with our social and environmental policies. With his extensive background in writing and editorial services, Jonny gets a great amount of joy out of writing many of our book recommendations, blogs, and events announcements, as well as a deep joy in presenting our stock of books in an aesthetically pleasing manner.

## ■ Jamie Cooper

Roles: Committee member (Co-Chair), Worker (Shop Worker, Food ordering, Operations management, Business management, Premises management)

Jamie has a wide range of experience in business management, development and renewal, having run businesses in the hospitality industry for over 12 years. He is well trained in all aspects of business management from strategic planning and implementation through to the operational running of public houses with a vast experience and training in people management, from permanent and temporary staff through to customers. Through these community led businesses, mainly public houses, he has a firm background in staging, promoting and delivering community events in house alongside supporting the needs of local suppliers. Jamie has often implemented a change of focus in policies in large business on such issues as environmental impact, sustainable food sourcing, vegan cuisine and carbon footprint. In all the businesses he has managed he has worked to improve the understanding and relationships between these issues and the actions of the companies as a whole.

## ■ Suzanne Baker

Roles: Worker (Community Hub Promotion and Management, Training Coordination, Volunteer Coordination, Legislation and Guidance).

Suzanne has over 20 years of working in the community development sector. This consisted of providing guidance/training to community groups, and coordinating events to bring groups together to share their knowledge on themes and also receive training. She has worked for a fundraising charity, she was part of their national team to develop the social themes they would support and also programmes of funding associated with them. She set up voluntary groups in localities in the south east to seek out people/projects to support and bring them together to develop networks. With this she set up workshops/training events

responding to local needs of groups and also set up regional training for people from different localities to attend. Throughout this she has developed a broad range of relationships within the social justice community in the south east. She has been involved in local community activities from kids clubs to craft groups. She has a MA that explored the practises of non hierarchical community groups

### ■ Amy Brown

Roles: Worker (Promotions, Events and promotion co-ordinator)

Amy has over 20 years of experience organising and promoting events in the UK and Europe. Amy is adept at all aspects of event organisation from the initial booking process, liaising with agents/artists/venues/engineers, through to the hands-on coordinating of people and resources at an event, and finally the admin aspect of reporting and payments afterwards. Amy has a background in entertainment and has managed groups of people in long-running promotional campaigns and large scale touring, creating content and physical and digital promotional materials, and managing budgets, schedules and itineraries. Amy has strong connections with independent arts venues and the creative community. Amy singlehandedly runs Wire Wool Events which brings women speakers to the area to discuss social justice, empowerment and new ideas and co-runs Mirrorman Events who book and promote touring and local bands in Hampshire and beyond. She also subcontracts for 92minutes on marketing and communications for not-for-profit organisations and businesses that seek to make positive change. All these skills are transferable to her role at October Books.

### ■ John Armstrong

Role: Committee member (Members representative)

John has been a customer and supporter of October Books since its initial arrival in Portswood, attracted by its independence, ethos and contribution to the local high street, as well as the opportunities it provides to feed his 'tsundoku' and coffee habits. Immediately prior to and since the shop's move to its current premises, John became increasingly involved in the shop's activities, volunteering as a customer representative and joining the committee. John is a Chartered Engineer, working at the University of Southampton in transport engineering research and education. As well as his enthusiasm for books in general and independent bookselling in particular, he has numeracy, spreadsheet and some finance knowledge and skills.

### ■ Mark Wakeling

Role: Committee member

Mark has worked in leadership within the charity sector for over 25 years and has a Postgraduate Certificate in Social Enterprise Development and Management. This led to starting a social enterprise to create routes out of prostitution for women over 12 years ago and has ensured its survival during challenging economic circumstances. He has recently realigned work commitments to invest more time in the development of Beyond the Streets, a charity which works to challenge the inevitability of survival sex.

## ■ Jess Haynes

Roles: Worker (Shop Worker, Local authors, Seasonal promotions and ordering, Card ordering co-ordinator, Shop presentation)

Jess has a good knowledge of feminist, queer and disability issues and an interest in vegan, green, anti-imperialist and anti-fascist politics. Jess was one of the founders of Hampshire Feminist Collective and before that Solent Feminist Network and through these groups has organized meetings, run events, workshops, protests and socials as well as committee roles and social media and mailing lists. Jess has an eye for detail and has grown and improved October Books much complimented card selection and understands the importance of product placement and promotion. Jess has recently taken over the organization of the local Bisexual group, rebranding it to Bi-Panic! Southampton to better reflect the location and the multitude of Bi+ identities. Through her role running this group she raises awareness of issues facing bi+ folk, liaises with other LGBTQ+ organisations, organises monthly events, runs stalls and provides educational and supportive social media presence and a regular mailing list.

## ■ Jaquie Daniels

Roles: Worker (Book-keeping)

Jaquie has extensive experience in working in bookshops in both front-facing and behind the scenes finance roles. She holds a degree in Business Studies as well as obtaining the AAT qualification and has knowledge of financial management and control. She has been Treasurer for St Denys Community Centre, Co-Treasurer at the Quaker Meeting House and an accounting assistant at County Accounting. Jaquie has experience of SAGE accounting systems, end of year accounts and is also a talented musician and singer-songwriter.

## ■ Ellen Horton

Roles: Finance (Volunteer), Second hand book stock (volunteer)

Ellen is a qualified Chartered Accountant with nearly 30 years experience. She trained with Deloitte, working in their corporate tax practice for 13 years before setting up her own consultancy practice. Ellen has worked with a wide range of businesses; from international organisations to mid-sized firms to owner-managed businesses on all aspects of their trade. Ellen also has a working knowledge of general VAT and PAYE matters and can often assist clients with a number of routine matters, avoiding the need to engage external consultants. Ellen has an ICAEW practising certificate.

## ■ Rosie Wadman

Roles: Committee Member (Volunteer), Community Engagement working group (volunteer)

Awaiting bio

## ■ Chris Haynes

Roles: Finance (volunteer)

Chris has many years of experience of working with technology, mainly in the mobile communications industry. He has a background in contract and programme management, research and development, software and systems analysis, including evaluating business models for new technologies. It is the latter which has provided him with the skill set to assist October Books. Chris' main role as an October Books supporter has been in developing Microsoft Excel based tools to allow the extraction and presentation of monthly financial summaries which integrate exports from current and previous accounting systems. These summaries allow long-term historical trends to be visualised along with the smoothing of seasonally variable revenues through rolling averages. Another support roll has been utilising his knowledge of databases and logical data organisation to rationalise the data held relating to the various issues of October Books loanstock.

## ■ **Amelia Simpson**

Roles: Worker (Shop worker, magazines, Instagram)

Amelia is our youngest employee and joined us for work experience five years ago at the age of fourteen as a volunteer. She was employed from 2018 to help cover shop floor roles whilst the team focused on the move to new premises. She has been home educated and has a keen interest in local, national and international news as well as young adult literature. She is one of many young volunteers who have gained experience and confidence in a work environment and now has some specific responsibilities including our card ordering and Instagram posts.

## ■ **External expertise**

October Books also utilises expertise from outside sources as needed. We currently employ 92Minutes to do our social media, website upgrade and online marketing. Whilst we do have some skills in-house 92Minutes specialist knowledge and connections in the national co-operative community are vital in maintaining a vibrant online presence. We have also engaged Co-operantics, a national co-operative and community business advisor to help develop the business plan for the move and update our governance model from a workers to a members co-operative. We engaged Co-op Culture through application to Co-ops UK The Hive, a support programme for co-operatives delivered by Cooperatives UK in partnership with The Cooperative Bank, which offers subsidised advice. In 2020 we engaged a consultant, who teaches teams and individuals to take strategic control of their work and/or life and to maximise their contribution, reduce stress and increase quality of life. She has helped us to address some long term governance, process and operations management issues within the business.

We also engage an accountant who provides End of Year accounting, quarterly VAT returns, bank reconciliation, advice and guidance in the use of Quickbooks our current accounting software and payroll services. All book-keeping is done in house.

## ■ **Volunteers**

Volunteers provide important ancillary support to the running of the shop. This can include receiving food orders and pricing them up, helping setting up internal and external events, developing the garden space to

writing blogs. Volunteers also help with working groups, currently we have four which includes a finance and gardening group. Help with these tasks enables staff members to be freed up to concentrate on more complex or developmental tasks. The shop is an attractive place to volunteer which is demonstrated by the steady flow of new volunteer requests. Currently we have 29 volunteers with some more regularly active than others. Over the last year there has been a good number of volunteers that have joined us and have left after a short time for good reasons. It is a balancing act as to how many volunteers we have versus the needs of the organisation, and the administration required to support them.

We advertise roles when we see an operational gap, so volunteers respond if they have the skills/availability and we have new volunteers that match the needs of the business. For each role there is a list of expectations so it is clear what we require of volunteers and what they can expect from us.

## **2.4.7 Organisational structure**

October Books currently has 8 part time workers, each having specific roles and responsibilities to cover the operational needs of the business. Figure 1 shows which roles are assigned to which worker. The process of allocation of tasks is very much based on the skills, experience, and interests of each of the worker members. Full details of each role are provided in Appendix I.

Accountability and reporting in the organisation is as shown in Figure 1, with four workers holding the responsibility of management of other workers, volunteers, members, and committee liaison.

There are many layers of organisation within the business with different hierarchies dependent on skills, experience, knowledge of the business, and administrative responsibilities. One team member has the most experience of the business as well as a broad range of skills and experience and over the coming year the team will support knowledge and skills exchange activities to ensure roles and responsibilities are evenly distributed, and that succession planning is initiated.

There are also some generic responsibilities as listed below which are allocated to individual workers. These roles don't necessarily align with worker's skill sets or interests, are nevertheless vital roles to maintain smooth functioning of the business. Over time we will look at ways to provide training in these roles and/or develop capacity to recruit workers with these skill sets or utilise external resources.

- Human resources
- Legal and contracts
- Governance

In addition to these operational roles the workers also have responsibilities to the committee and currently three workers are committee members with the roles of Chair, Secretary, and Treasurer. The Members in the Chair and Secretary roles are new to these positions and are currently undergoing training to fulfil these roles. The roles held by the worker Committee members focus on the administrative and operational aspect of each role and the role of advocate for our Members is filled by the non-worker members in these roles.

## 2.5 Capital plan

### 2.5.1 Capital requirements and sources of capital

The main purpose of the share offer is to replace existing loanstock capital that is due for repayment on fixed dates, with more patient withdrawable share capital. There is also a need to provide working capital during this period of business growth and to recover from previous trading difficulties. More patient capital will allow October Books to clear existing commercial rate loans, at which point paid interest on community share investment can increase to our target level. We recognise that we need to have an attractive target interest rate in the future to attract and retain investment. As existing loans are cleared and performance improves, the opportunity for members to withdraw shares will increase.

October Books recent track record in repaying capital and paying interest on our loanstock is shown Table 4. Prior to the move to new premises there is no record of interest paid to our loanstock holders. In the year of the purchase of the new building most loanstock holders chose to waive their interest (to 30/06/2019). Since then we have been consistently paying a 1.5% return on ~45% of the total loanstock value. Not all investors requested interest to be paid (59% of the total value requested interest), and many have donated interest in the previous three years. We have also been able to repay loanstock over the previous two years (a significant amount in year ending 30/06/21 due to receipt of loan from Co-op Foundation) and we have seen some incredibly generous donations of loanstock during this time.

*Table 4 October Books loanstock capital and interest payments since 2016*

	30/06/2016	30/06/2017	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022
Loanstock opening balance	£ 82,765	£ 84,938	£ 90,543	£ 389,173	£ 403,493	£ 407,693	£ 353,643
New loanstock added during year	£ 5,000	£ 12,800	£ 323,231	£ 26,950	£ 12,100	£ -	£ -
Loanstock repaid during year	£ 2,827	£ 7,195	£ 24,601	£ 12,630	£ 2,300	£ 19,050	£ 5,500
Loanstock donated during year	£ -	£ -	£ -	£ -	£ 5,600	£ 35,000	£ -
Loanstock closing balance	£ 84,938	£ 90,543	£ 389,173	£ 403,493	£ 407,693	£ 353,643	£ 348,143
Loanstock interest due	£ 150	£ 170	£ 170	£ 3,569	£ 3,383	£ 3,614	£ 3,455
Loanstock interest paid				£ 113	£ 2,721	£ 2,779	£ 2,489
Loanstock interest donated	£ 150	£ 170	£ 170	£ 3,456	£ 662	£ 835	£ 966

\*Loanstock repaid during 2022 to be clarified in End of Year accounts

#### Loanstock conversion

We have contacted loanstock investors and received pledges to convert loanstock into community shares when we run this share offer (Table 5). We will carry out the conversion of pledged loanstock at the time of the share offer in late 2022, regardless of the original repayment date.

*Table 5 Pledged loanstock conversions to shares and donations*



Original repayment date	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Due for repayment	260,492	18,500	8,100	-	-	59,451	1,100
Reinvest in shares	118,245	7,000	8,100	-	-	38,001	-
Donation of loanstock	3500	500					1100

#### Offer targets

Our maximum share offer target would allow us to pay loanstock due in 2022-3, 2023-4 and 2024-5. Our projections show that we would also be able to honour loanstock repayments due in 2027-8.

Our optimum target would enable us to repay loanstock due in 2022-3. In order to honour repayment of loanstock due in 2023-4, 2024-5 and 2027-8 we would need to raise additional finance. We anticipate this would be provided by a 1 year loanstock raise of £30,000 in 2023-4, repayable in 2024-5, followed by two 4 year loanstock raises of £10,000 in 2025-6, (repayable in 2029-30) and £15,000 in 2026-7 (repayable in 2030-31).

Our minimum target would be reliant upon raising additional loanstock to meet repayments due in 2022-3.

Working capital needs are largely cashflow, required to make good previous years' poor performance while the business growth strategy is implemented. See details below in Historical financial performance.

Funds required 2022-3			
	Minimum target	Optimum target	Maximum target
Repayment of loanstock due 2022-3	260,492	260,492	260,492

Repayment of loanstock due 2023-4			18,500
Repayment of loanstock due 2024-5			8,100
Offer platform costs	-	9,991	12,058
Development costs			
Working capital	56,963	55,963	52,296
Contingency (0%)			
Total required	317,456	326,446	351,446
Funded by			
Community shares - public offer	-	150,000	175,000
Community shares - converted from loanstock	171,346	171,346	171,346
Community shares total	171,346	221,346	346,346
Donated loanstock	5,100	5,100	5,100
New loanstock	141,000		
Loans			
Total funding	317,446	326,446	351,446

#### Additional loanstock

The tables below set out the additional loanstock requirements and repayments required in the optimum and minimum scenario. We have modelled loanstock rather than additional funds from community shares through an open or timebound offer as this is less favourable to the Society.

Additional loanstock (optimum scenario)								
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Additional investment	30000		10000	15000				
Additional repayment		30000					10000	15000

Additional loanstock (minimum scenario)											
	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2	2032-3
Additional investment	141000	36000		5000		12000					
Additional repayment			31000	2000	5000		12000	31000	38000	44000	31000

## 2.5.2 Share offer plan

Please find below an overview of the share offer :

Item	Details
Maximum offer raise	£346,346 (£175,000 public offer, £171,346 conversion from loanstock)
Optimum offer raise	£321,346 (£150,000 public offer, £171,346 conversion from loanstock)
Minimum offer raise	£171,346 (nil from public offer, £171,346 conversion from loanstock)
Offers opens	1st October
Offer closes	31st October
Option to extend offer a bit	The offer will be extended if we are close to our minimum target, or if we are close to achieving our optimum or maximum target.
Action on over-subscription	If the offer is oversubscribed we will prioritise local subscribers (first those living within Southampton then those living within Hampshire). We will reduce the total to our maximum by reducing investment amounts accepted from subscribers who are not local residents. In the event that all non-local subscribers are at the minimum investment threshold we will return pledged investments in order of how recently they applied. Most recent application is first to be returned.

Contingencies on falling short of targets	<p>In the event that we fail to reach the optimum target, we will need to find an alternative funding mix to honour the loanstock due for repayment by end of 2022/3. In the first instance we would extend the offer. If that fails to raise the optimum then we will seek loanstock. October Books has a track record of raising capital from a loanstock issue.</p> <p>If we only reach our minimum we will not carry out the process of conversion of existing loanstock into shares, or draw down the shares investments from Crowdfunder until we have raised sufficient loanstock (£141,000) to meet the loanstock payments due in 2022-3.</p> <p>Although community shares is our preferred form of capital, there should be sufficient time for us to raise loanstock for this purpose before the repayments bulk of are due in March 2023. A small sum of £1000 is due for repayment in February 2023, £122,192 in March 2023, £79,800 in May 2023 and £57,500 in June 2023.</p> <p>In the event that we cannot raise the required finance from other loanstock or other sources on similar terms, we would have no option but to put the Society into voluntary solvent liquidation in order to realise the value of assets and repay our creditors. We would not wish to undertake this course of action, losing a vital community hub and an independent, radical, community owned bookshop with 45 years history in the city.</p>
Max. individual investment	£34,635. The maximum permitted by the law is £100,000. However, we will limit individual investments to 10% of total investment. This reflects good practice and ensures that no individual has undue influence.
Min. investment	£250
Age limit	16
Tax relief	This share offer does not qualify for tax relief.
Joint investment?	<p>Yes. This also includes unincorporated community groups or associations and incorporated bodies.</p> <p>Joint Memberships will be treated as one member so the share offer document will make it clear that joint, community group, organisation and corporate memberships will have to nominate one person to be the named shareholder in the share register.</p>

	That person should be named when buying shares on Crowdfunder. They will also be instructed to contact October Books directly via <a href="mailto:info@octoberbooks.org">info@octoberbooks.org</a> to advise us of all the people in whose name the membership is being held or the name of the business or organisation.
Institutional investors?	Institutional investors are allowed.
Application process	New subscribers will apply for shares through Crowdfunder. Existing loanstock holders who are converting from loanstock to shares will complete a paper or digital application form
Booster investment?	We are seeking match investment from Community Shares Booster Fund of up to £25,000.
Standard Mark?	We will be seeking the Community Shares Standard Mark
Interest (%)	We have a target interest of 4%. Our projections for the maximum investment show a likely interest payment of 1.5% from 2024-5 rising to 3% in 2027-8 and 4% from 2029-30 onwards.
Interest paid out or accrued?	Interest will be paid out. An Offer of October Book vouchers will be made for payment of interest.
Withdrawal suspended (years)	Withdrawal will be suspended for 3 years, but our projections show we will be unlikely to allow withdrawals until 2029-30 After our suspension of withdrawals for 3 years all withdrawals will require a minimum of three months' notice to be withdrawn.
Share interest from Year...	Interest will be suspended for the first year.
Share withdrawal per annum	We have projected share withdrawals at 5% of the total share capital held each year from 2029-30 (maximum offer) or 2030-1 (minimum offer)
Action on investor death?	What will you do if an investor dies? Options are set out in your Registered Rules 20-21. An option is to ask for nomination of beneficiary to receive their shares at the time of application. See also <a href="https://www.uk.coop/resources/community-shares-handbook/5-promoting-offers/511-nomination-beneficiaries">https://www.uk.coop/resources/community-shares-handbook/5-promoting-offers/511-nomination-beneficiaries</a>

### **2.5.3 Working capital requirements**

As we grow the business and recover from past poor performance due to overspend on refurbishment of the building and Covid 19, we still have capital repayments to make on loans to Co-op and Community Finance and Co-op Foundation. In order to meet these cash payments while we improve profitability, we have a significant working capital requirement. Our financial projections indicate this is in the region of £52-57,000. This is a similar amount to bounce back loans that many businesses took after Covid 19. October Books did not take on such a loan.

## **2.6 Revenue model**

Historically October Books trading model has relied on the sale of books, food and cleaning products, and cards and these sales have allowed the business to continue to provide other services. More recently we have really begun to recognise and value the social impact we have in our community and have been awarded grants and funding for improvements to our community space, trading back up after Covid and for creating an ongoing volunteer program, and resilient model for our community space. Grant income is a significant revenue stream in our future plans.

### **2.6.1 Historic financial performance**

October Books has been operating in Southampton for over 40 years, its first four years as a voluntary organisation and then from 1981 as a registered co-operative society. Finance performance has changed over the years and there have been significant changes in the previous five years with the purchase of a building, loans from commercial lenders, income from grants and an increase in sales.

Table 6 shows the profit and loss as reported on our End of Year accounts since 2017. The figures show a sustained increase in total income with matching increase in the cost of sales. Gross profitability for the five year period has been consistently around 50% with a decrease seen in June 2021 as we needed to purchase all books from our main distributor, rather than individual publishers due to supply chain issues during the pandemic. Income reported in End of Year account includes grant income and we have seen this revenue stream increase since our move to new premises and with our recognition of our growing social impact as a community business.

Expenses spend has been stable for the 2020 and 2021 at around £89K. Additional expenditure in 2022 was expected as we were paying Statutory Maternity Pay for one member of staff (reclaim not yet finalised in this year's accounts) and we had an additional member of staff funded through the Co-op Foundation Community Space Grant. Net operating income and net profit is good for 2020 and 2021. The year to 2019 saw a significant loss which was due to the move to new premises and significant additional expenditure required to leave our tenancy agreement, complete the upgrade to our old premises and some additional surveying and costs as part of the move. There was also some capital expenditure incorrectly recorded in the PandL.

Year End for 2022 is currently showing a loss of £11K. However, there is a significant loanstock adjustment to be made (~£22K) due to incorrect recording of historic loanstock (pre 2018).

The last three years sales figures from our management accounts (Table 7) show an increase in sales of books despite the pandemic. Cards and stationery sales dipped during 2021 due to lockdowns not allowing browsing of cards, but these sales have recovered and increased in 2022 in part due to the closure of a competitor's business in the local area. Food and cleaning product sales have remained stable with

decreasing in house food sales buoyed by increased sales of local products lines. Events and room hire income is back to 2019 levels and is an area we will grow in future years. Table 8 also shows our increased income from grants over the last three years (Note: 2022 EoY figures not yet finalised and will include additional grant income). Online income has decreased in 2022 after a significant increase in 2021. We will look at how we can increase these sales as part of our marketing strategy.

*Table 6 October Books Profit and Loss 2017 to 2021 (From AR30)*

	End June 2017	End June 2018	End June 2019	End June 2020	End June 2021	End June 2022*
Total Income	£157,226	£163,930	£174,624	£204,079	£240,954	£183,063
Cost of sales	-£79,218	-£80,465	-£90,971	-£96,936	-£124,227	-£89,605
Gross profit	£78,008	£83,465	£83,653	£107,143	£116,727	£93,457
Gross profitability	50%	51%	48%	53%	48%	51%
Expenses	-£81,306	-£79,213	-£111,557	-£89,401	-£89,297	-£91,819
Net operating income	-£3,298	£4,252	-£27,904	£17,742	£27,430	-£1,638
Total other expenses		£0	-£2,331	-£12,218	-£9,218	-£9,143
Net Profit/Loss	-£3,298	£4,252	-£30,235	£5,524	£18,212	-£7,504

\* projected, to be finalised

Table 7 October Books sales income from different product categories (from Quickbooks management accounts)

	At June 2020	At June 2021	At June 2022
TOTAL Books and Magazines	£ 98,346	£ 103,282	£ 108,388
TOTAL Cards and stationery	£ 14,743	£ 10,919	£ 16,274
TOTAL Food and Cleaning products	£ 28,708	£ 27,936	£ 27,963
TOTAL Room hire and Events	£ 8,639	£ 1,076	£ 8,696
TOTAL Grant income	£ 10,000	£ 17,993	£ 5,759
TOTAL online income	£ 1,920	£ 11,153	£ 5,982

Historically October Books has relied on trading income from the sales of books and other products as its main income. In the years since the move to our own building and the growing recognition of our social value to our community, we have applied for and been successful in a number of grant applications (See Table 7). The table does not include Government support grants awarded to all businesses during the Covid-19 pandemic. Our proposal does rely on grant funding in the coming years, with a predicted income of £5000 in 2023 to 2024 and then a larger grant of £50,000 awarded in 2024 to 2025 and £20,000 thereafter. Table 7 shows that we have achieved up to £25K funding in previous years.

In order to address the need for grant funding we will look at national campaigns that align with our values and experiences (such as Power to Change 'Take back the High Street,' or the 'We're Right Here' campaign supported by many community project funders). We will consult with our members on which campaigns to support and champion these causes to raise awareness about all that we do to a wider audience and align us with funding opportunities in this field.

We are in the process of developing methods and processes for measuring our social value, which we know intuitively we deliver, particularly now that we have a community space. Over the coming year (2022 to 2023) we will review our existing data and develop methods for measuring the social impact to individuals



of our various activities, as listed in our Social Impact Strategy in the appendices

In addition, the recent report from the Booksellers Association<sup>5</sup> highlights the importance of bookshops in contributing to the vitality and viability of their high streets, and the research shows that they are actively engaged in driving change and support in their local communities. The report details 25 priorities in creating a vital and viable high street and we will use these to examine our broader impact on our high street and local community.

*Table 8 - Grants awarded in the years since the move to new premises (2022 to 2023 shows expected income)*

Grant Name	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Awards for All	£10,000			
Community Business Trade up	£4,000	£6,000		
CBTU digital fund (EPOS upgrade)		£750		
Co-op community Fund		£800		
Solent Local Enterprise Partnership		£2,000		
Co-operative Foundation Community Space Grant			£10,000	
Necessity			£15,000	
Community Shares Booster Development Grant				£6,000
REACH funding (proposed)				£7,901
<b>TOTAL</b>	<b>£14,000</b>	<b>£9,550</b>	<b>£25,000</b>	<b>£13,901</b>

October Books currently have two loans, a combined loan with CCF and ICOF, with a 6% interest. The third loan is with Co-op Foundation and is an interest free loan. At June 2022 the outstanding balances are as detailed below.

Organisation	Amount repaid July 2021 to June 2022	Amount outstanding at June 2022

<sup>5</sup> <https://www.booksellers.org.uk/industryinfo/industryinfo/booksellersasplacemakers>

CCF/ICOF	£12,750	£116,585
Co-op Foundation	£4,000	£15,333

Our full end of year accounts and annual returns for the last three years can be found on the following webpage <https://mutuals.fca.org.uk/Search/Society/20244>

## 2.6.2 Key assumptions

Share interest and withdrawal

5% inflation

Maximum - Interest at 1.5% from 2024-5 rising to 3% in 2027-8 and 4% from 2029-30 onward. Withdrawals at 5% from 2029-30

Optimum - Interest at 1.5% from 2024-5 rising to 2% in 2028-9 and then 4% in 2029-30. Withdrawals at 5% from 2030-1

Minimum - Interest at 1.5% from 2025-6. Withdrawals at 5% from 2033-4 when loanstock is cleared.

## 2.6.3 Financial projections

The graphs below show a summary of the projected financial performance for each scenario.

Cashflow has to remain positive at all times, demonstrating ability to pay interest and allow withdrawals in line with our aspirations.

Interest is only payable in years when a profit is declared i.e the profit for year line is above zero (0). Our aspirations for interest payment for each scenario reflect this.

Withdrawals of shares are only allowed when there are sufficient reserves i.e. the cumulative Profit & Loss account line is positive and above zero (0). Our plans for withdrawals for each scenario reflect this.

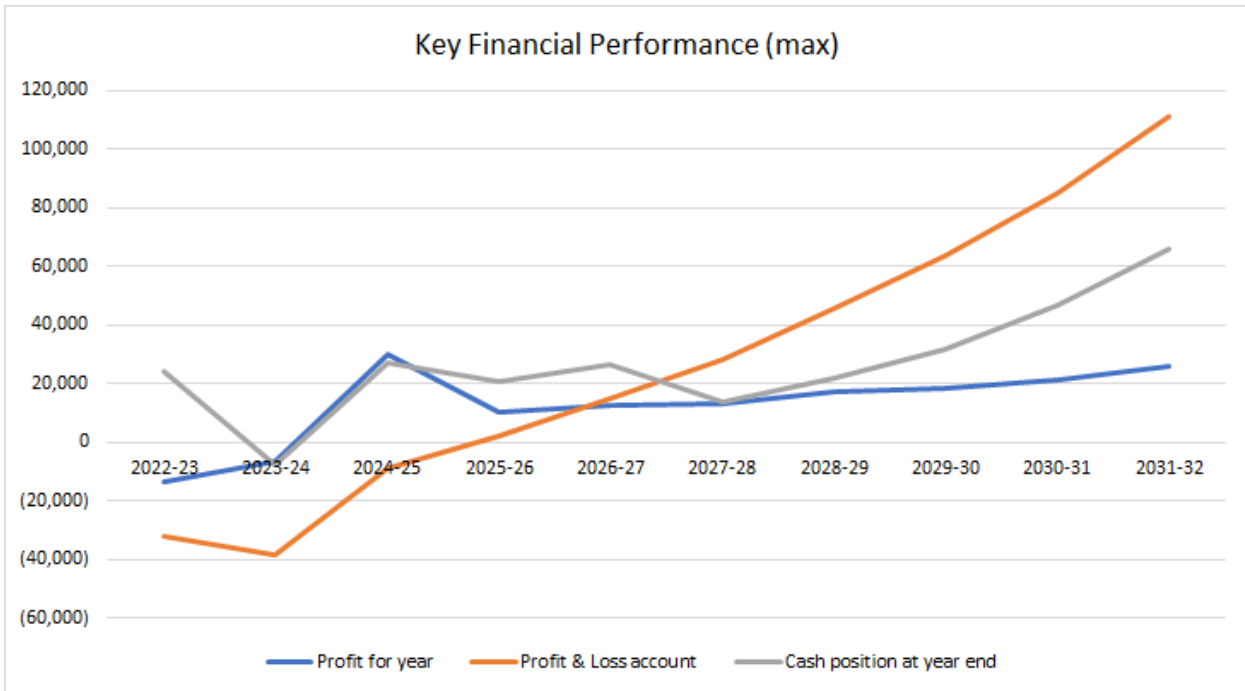
Narrative summary

In each of the scenarios, capital is required to allow for due loanstock repayments, and payments of capital against loans whilst making up for past and current net losses as the business undertakes the growth strategy.

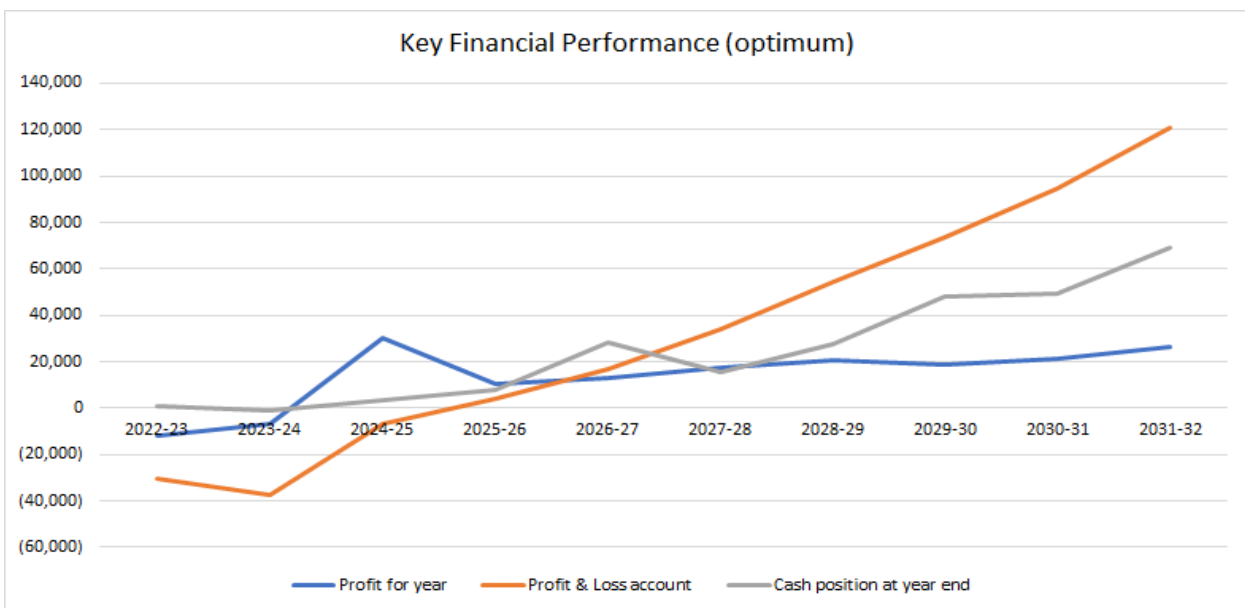
As the business growth strategy is implemented and turnover increases, October Books improves profitability, which enables it to accumulate reserves from net profits. These reserves are used to make capital payments against loans, pay due loanstock, and allow share withdrawals. Loans and loanstock are inflexible regarding repayment whereas community shares are a more patient form of capital. The lower the total investment in community shares, the greater the risk posed to individual investors as other forms of finance will be required that are less flexible and will be prioritised as creditors in the event of business failure. Achieving a higher investment in community shares enables October Books to start to honour

withdrawals sooner. This narrative around investment reflects the values, purpose and aims of October Books - by working together in solidarity, we will be more able to meet our common needs and aspirations.

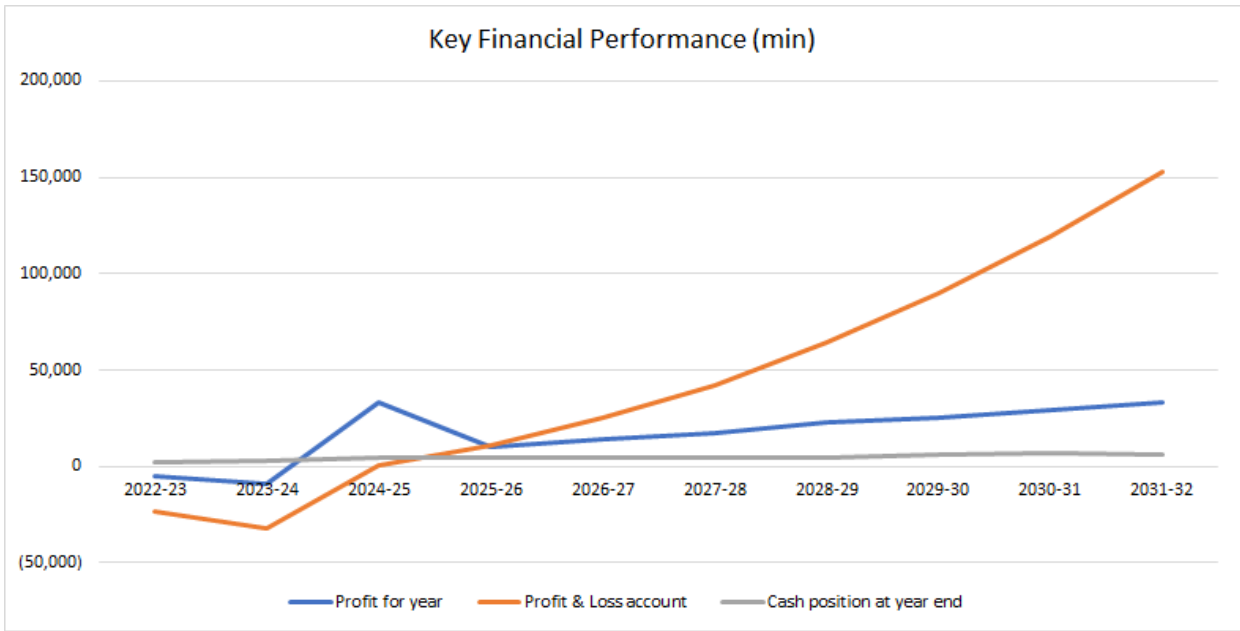
The profitability and sustainability of the Society is reliant upon an estimate of £20,000 grant funding most years, with the exception of 2024-5 which projects £50,000. As a Community Benefit Society acting as a well-placed community hub, providing services to meet genuine community need, we are confident we will be able to attract such funding.



Predicted Profit and Loss for Maximum share offer scenario



Predicted Profit and loss for Optimum share offer scenario



Predicted Profit and Loss for Minimum share offer scenario

## 2.6.4 Profit and Loss

Maximum share offer

Table 8 Predicted annual P&L for 10 years with Maximum Share offer achieved

Year	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Total income	205,213	222,269	234,585	247,637	260,019	273,019	286,670	301,004	316,054	331,857
Operating profit <b>before</b> depreciation, interest on capital and corporation tax (EBITDA)	(11,452)	8,629	14,639	18,910	22,249	25,802	29,582	33,600	37,870	42,406
Grant income	18,064	5,000	50,000	20,000	20000	20000	20000	20000	20000	20000
Net profit <b>after</b> depreciation, interest on capital and corporation tax	(13,650)	(6,412)	29,934	10,597	12,971	13,189	17,393	18,292	21,133	25,970

Profit and loss demonstrates the target of an increase in sales of 5% per annum being achieved. Interest is only payable when a net profit is declared. Profitability improves as interest payable on the Co-op and Community Finance loan reduces until it is cleared in Sept 2029.

These figures include interest being paid on shares at 1.5% from 2024-5 rising to 3% in 2027-8 and 4% from 2029-30 onward.

The EBITDA figure shows the underlying profitability of the business before finance related charges and non-trading income such as grants and donations. The grants figure has been provided to illustrate the significance of grant funding. This scenario is reliant upon the projected grant income being achieved.

Optimum share offer

Table 9 Predicted annual P&L for 10 years with Optimum Share offer achieved

Year	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Total income	205,213	222,269	234,585	247,637	260,019	273,019	286,670	301,004	316,054	331,857
Operating profit <b>before</b> depreciation, interest on capital and corporation tax (EBITDA)	(9,730)	8,629	14,639	18,910	22,249	25,802	29,582	33,600	37,870	42,406
Grant income	18,064	5,000	50000	20000	20000	20000	20000	20000	20000	20000
Net profit <b>after</b> depreciation, interest on capital and corporation tax	(11,928)	(6,862)	30,323	10,694	13,056	17,311	20,385	18,834	21,467	26,121

Profit and loss demonstrates the target of an increase in sales of 5% per annum being achieved. Interest is only payable when a net profit is declared. Profitability improves as interest payable on the Co-op and Community Finance loan reduces until it is cleared in Sept 2029. A reduced share raise reduces the costs associated with the offer but there will be a need for additional loanstock to handle cashflow problems. Overall net profit is improved as a result of paying less interest on Member shares than in the optimum scenario being achieved. This is the most significant difference between the projections for Profit & Loss for Maximum and Optimum.

These figures include interest being paid on shares at 1.5% from 2024-5 rising to 2% in 2028-9 and then 4% in 2029-30.

The EBITDA figure shows the underlying profitability of the business before finance related charges and non-trading income such as grants and donations. The grants figure has been provided to illustrate the significance of grant funding. This scenario is reliant upon the projected grant income being achieved.

Minimum share offer scenario

Table 10 Predicted annual P&L for 10 years with Minimum Share offer achieved

Year	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Total income	205,213	222,269	234,585	247,637	260,019	273,019	286,670	301,004	316,054	331,857
Operating profit <b>before</b> depreciation, interest on capital and corporation tax (EBITDA)	605	8,629	14,639	18,910	22,249	25,802	29,582	33,600	37,870	42,406
Grant income	18,064	5,000	50,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Net profit <b>after</b> depreciation, interest on capital and corporation tax	(4,681)	(9,067)	32,873	10,409	13,852	17,123	22,482	25,555	29,305	33,134

Profit and loss demonstrates the target of an increase in sales of 5% per annum being achieved. Interest is only payable when a net profit is declared. Profitability improves as interest payable on the Co-op and Community Finance loan reduces until it is cleared in Sept 2029. No additional share raise above and beyond conversions from existing loanstock reduces the costs associated with the offer, but there will be a need for significant additional loanstock to handle cashflow problems, which has been modelled. Overall net profit is improved as a result of paying less interest on Member shares than in the Maximum or Optimum scenario. This is the most significant difference between the projections for Profit & Loss for Maximum and Optimum. However, the use of loanstock does not

allow flexibility in terms of interest or repayment dates. Whilst there appears to be improved financial performance, there is a greater risk to the business using loanstock and an increased risk to community shares investors than in the Maximum or Optimum scenarios.

These figures include interest being paid on shares at 1.5% from 2025-6.

The EBITDA figure shows the underlying profitability of the business before finance related charges and non-trading income, such as grants and donations. The grants figure has been provided to illustrate the significance of grant funding. This scenario is reliant upon the projected grant income being achieved.

## 2.6.5 Cashflow

Maximum share offer

Yearly cashflow	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Net Profit (after tax)	(13,650)	(6,412)	29,934	10,597	12,971	13,189	17,393	18,292	21,133	25,970
Net operating cash flow	(12,608)	(2,355)	53,730	13,996	23,737	26,384	28,691	30,049	31,479	34,568
Net investing cash flow	-	-	-	-	-	-	-	-	-	-
Net financing cash flow	15,431	(29,660)	(19,050)	(19,997)	(18,003)	(39,523)	(20,309)	(20,015)	(16,452)	(15,629)
Overall Net cash flow	2,823	(32,015)	34,679	(6,001)	5,734	(13,139)	8,382	10,034	15,027	18,939
Cash at start of year	21,486	24,310	(7,705)	26,974	20,973	26,706	13,567	21,950	31,984	47,011
Cash at end of year	24,310	(7,705)	26,974	20,973	26,706	13,567	21,950	31,984	47,011	65,949

The cashflow projection shows our ability to pay projected interest and allow share withdrawals from 2029-30, as well as meeting capital repayments on the Co-op and Community Finance and Co-op Foundation loans, and repayment of outstanding loan stock scheduled for 2027-8 without the need for further refinancing.



Optimum share offer

Yearly cashflow	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Net Profit (after tax)	(11,928)	(6,862)	30,323	10,694	13,056	17,311	20,385	18,834	21,467	26,121
Net operating cash flow	(10,885)	(2,355)	53,280	14,385	23,833	26,469	32,814	33,041	32,021	34,902
Net investing cash flow	-	-	-	-	-	-	-	-	-	-
Net financing cash flow	(9,569)	340	(49,050)	(9,997)	(3,003)	(39,523)	(20,309)	(12,697)	(31,068)	(15,264)
Overall Net cash flow	(20,454)	(2,015)	4,229	4,388	20,830	(13,053)	12,505	20,344	953	19,638
Cash at start of year	21,486	1,032	(983)	3,246	7,634	28,465	15,412	27,916	48,261	49,214
Cash at end of year	1,032	(983)	3,246	7,634	28,465	15,412	27,916	48,261	49,214	68,852

The cashflow projection for the Optimum share offer scenario shows our ability to pay projected interest and allow share withdrawals from 2030-31, as well as meeting capital repayments on the Co-op and Community Finance and Co-op Foundation loans. It also includes additional loanstock being raised in 2023-4,2025-6

and 2026-7, and repaid in 2024-5, 2029-30 and 2030-1. Being able to carry out an additional community share issue - either open or timebound - would result in similar interest being paid in total but withdrawals for shares would be improved. We have modelled the loanstock scenario as it is less favourable than additional investment in community shares.

#### Minimum share offer

Yearly cashflow	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Net Profit (after tax)	(4,681)	(9,067)	32,873	10,409	13,852	17,123	22,482	25,555	29,305	33,134
Net operating cash flow	(550)	(5,444)	51,075	16,935	23,548	27,265	32,626	35,138	38,741	42,740
Net investing cash flow										
Net financing cash flow	(18,569)	6,340	(50,050)	(16,997)	(23,003)	(27,523)	(32,309)	(33,697)	(38,000)	(44,000)
Overall Net cash flow	(19,119)	896	1,024	(62)	545	(258)	317	1,441	741	(1,260)
Cash at start of year	21,486	2,367	3,264	4,288	4,225	4,770	4,513	4,830	6,271	7,012
Cash at end of year	2,367	3,264	4,288	4,225	4,770	4,513	4,830	6,271	7,012	5,752

This table shows the monthly cashflow for the first year in the optimum scenario to illustrate there is sufficient working capital. Whilst October Books is planning for business growth, it is an established business and the main issue affecting it is under-capitalisation, resulting in a liquidity problem. This is a significant driver for the share offer, specifically the repayment of loanstock capital due in 2022-3.

First year monthly - Optimum	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Net profit before Tax, depreciation, interest	(1,694)	(2,599)	(6,440)	(564)	(3,873)	8,993	(963)	(981)	163	(1,860)	90	(1,283)
Cash Grants in	10,002											
change in Accounts receivable	377	0	0	(1,050)	0	0	(200)	0	0	0	0	0
change in Accounts payable	(1,678)	756	(2,074)	1,413	(1,648)	(5,497)	8,518	(469)	1,417	(160)	882	(170)
Corporation Tax payment								(311)				
Loan and share interest	(633)	(583)	(578)	(572)	(566)	(561)	(555)	(550)	(2,265)	(538)	(1,453)	(1,295)

First year monthly - Optimum	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
VAT paid	(225)	(268)	(1,094)	(520)	(2,571)	(802)	(302)	(431)	(374)	(405)	(325)	(362)
VAT received	382	409	421	528	987	1,484	778	560	616	522	505	566
VAT reclaim/(paid to HMRC)	0	(441)	0	0	524	0	0	425	0	0	(488)	0
Net Operating Cash Flows	6,530	(2,726)	(9,765)	(765)	(7,147)	3,617	7,276	(1,757)	(443)	(2,441)	(789)	(2,543)
Net Investment Cash Flows	0	0	0	0	0	0	0	0	0	0	0	0
Loans and equity capital invested					321,346							
Loans and equity capital repaid or withdrawn	(1,407)	(1,413)	(1,418)	(1,424)	(54,530)	(1,435)	(1,441)	(2,446)	(123,644)	(1,458)	(81,263)	(58,969)
Net Financing Cash Flows	(1,407)	(1,413)	(1,418)	(1,424)	266,816	(1,435)	(1,441)	(2,446)	(123,644)	(1,458)	(81,263)	(58,969)
Net Cash Flows	5,123	(4,139)	(11,183)	(2,189)	259,668	2,183	5,836	(4,203)	(124,087)	(3,898)	(82,052)	(61,512)

First year monthly - Optimum	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Opening Cash Position	21,486	26,609	22,470	11,287	9,099	268,767	270,950	276,785	272,582	148,495	144,597	62,544
Closing Cash Position	26,609	22,470	11,287	9,099	268,767	270,950	276,785	272,582	148,495	144,597	62,544	1,032

## 2.6.6 Balance Sheet (Society Funds)

Maximum scenario

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Fixed Assets	415,878	407,046	398,214	389,382	380,550	371,718	362,886	354,054	345,222	336,390
Net Current Assets	40,670	24,040	42,809	44,235	26,515	28,226	51,754	61,560	75,073	93,745
Long term liabilities (debt)	(142,245)	(123,195)	(103,198)	(85,195)	(45,672)	(25,363)	(22,666)	(22,666)	(22,666)	(22,166)
Share capital	346,356	346,356	346,356	346,356	346,356	346,356	346,356	329,038	312,586	296,957
Retained profits or losses	(32,053)	(38,465)	(8,531)	2,066	15,037	28,226	45,618	63,910	85,043	111,013

The Balance Sheet shows a reduction in long term liabilities as October Books pays down loans from Co-op and Community Finance and Co-op Foundation, and loanstock. Withdrawals of share capital can be observed from 2029-30. The Retained profits or losses represents reserves from which share withdrawal can be allowed, showing the target of 5% withdrawal of shares each year from 2029-30 onwards is achievable.

Optimum scenario

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Fixed Assets	415,878	407,046	398,214	389,382	380,550	371,718	362,886	354,054	345,222	336,390
Net Current Assets	17,392	312	19,471	30,993	28,359	34,193	50,713	63,379	77,611	96,799
Long term liabilities (debt)	(142,245)	(123,195)	(103,198)	(95,195)	(70,672)	(50,363)	(37,666)	(22,666)	(22,666)	(22,166)
Share capital	321,356	321,356	321,356	321,356	321,356	321,356	321,356	321,356	305,288	290,024
Retained profits or losses	(30,331)	(37,193)	(6,869)	3,825	16,881	34,192	54,577	73,412	94,879	120,999

The Balance Sheet shows a reduction in long term liabilities as October Books pays down loans from Co-op and Community Finance and Co-op Foundation, and loanstock. Withdrawals of share capital can be observed from 2029-30. The Retained profits or losses represents reserves from which share withdrawal can be allowed, showing the target of 5% withdrawal of shares each year from 2030-31 onwards is achievable.

#### Minimum scenario

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Fixed Assets	415,878	407,046	398,214	389,382	380,550	371,718	362,886	354,054	345,222	336,390
Net Current Assets	15,639	1,354	21,062	22,299	5,460	11,106	8,723	5,110	(753)	9,713
Long term liabilities (debt)	(283,245)	(269,195)	(247,198)	(229,195)	(189,672)	(169,363)	(135,666)	(97,666)	(53,666)	(22,166)
Share capital	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356
Retained profits or losses	(23,084)	(32,151)	722	11,130	24,982	42,106	64,587	90,142	119,447	152,581

The Balance Sheet shows significant long term liabilities as October Books is reliant on additional loanstock investment to repay loanstock due from 2022-3 onwards, and paying down loans from Co-op and Community Finance and Co-op Foundation. Withdrawals of share capital are not projected until 2032-3. Whilst retained profits or losses represents reserves from which share withdrawal can be allowed, the cashflow does not allow for withdrawals before 2032-3.

## 2.6.7 Share capital withdrawal

Maximum share offer

Share withdrawal will be suspended for 3 years but in effect no withdrawals are likely to be allowed until 2029-30. This will facilitate scheduled regular repayments of capital to Co-operative and Community Finance until Sept 2029 and Co-op Foundation until October 2026. Any withdrawal will be subject to cashflow and the Society having accrued reserves from which to allow withdrawals. Our target for share withdrawal is 5% per year from 2029-30 and our financial projections show this is achievable. Share interest is not paid into share accounts.

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Opening balance	10	346,356	346,356	346,356	346,356	346,356	346,356	346,356	329,038	312,586
New Shares	346,346	-	-	-	-	-	-	-	-	-
Interest accrued	-	-	-	-	-	-	-	-	-	-



Share withdrawal	-	-	-	-	-	-	-	(17,318)	(16,452)	(15,629)
Closing balance	346,356	346,356	346,356	346,356	346,356	346,356	346,356	329,038	312,586	296,957

#### Optimum share offer

Share withdrawal will be suspended for 3 years but in effect no withdrawals are likely to be allowed until 2030-31. This will facilitate scheduled regular repayments of capital to Co-operative and Community Finance until Sept 2029 and Co-op Foundation until October 2026. This is also subject to the successful raising of further loanstock finance in 2023-4, 2025-6, and 2026-7, which is repaid in 2024-5, 2029-30, and 2030-1.

Any withdrawal will be subject to cashflow and the Society having accrued reserves from which to allow withdrawals. Our target for share withdrawal is 5% per year from 2030-31 and our financial projections show this is achievable. Share interest is not paid into share accounts.

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Opening balance	10	321,356	321,356	321,356	321,356	321,356	321,356	321,356	321,356	305,288
New Shares	321,346	-	-	-	-	-	-	-	-	-

Interest accrued	-	-	-	-	-	-	-	-	-	-
Share withdrawal	-	-	-	-	-	-	-	-	(16,068)	(15,264)
Closing balance	321,356	321,356	321,356	321,356	321,356	321,356	321,356	321,356	305,288	290,024

#### Minimum share offer

No withdrawals are possible until 2032-3 due to servicing loanstock repayments and other loans. However loanstock and loans should be cleared in 2031-2 allowing withdrawals at 5% from 2032-3.

	2022-3	2023-4	2024-5	2025-6	2026-7	2027-8	2028-9	2029-30	2030-1	2031-2
Opening balance	10	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356
New Shares	171,346									
Interest accrued	-	-	-	-	-	-	-	-	-	-

Share withdrawal	-	-	-	-	-	-	-	-	-	-
Closing balance	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356	171,356

## 2.7 Risk

### 2.7.1 Risk register

Likelihood and Impact ranking 1 is low and 5 is high

Risk	Likelihood (1-5)	Impact (1-5)	Likelihood x Impact	Mitigation
<b>Business and Finance risks</b>				
Loss of key personnel	3	5	15	Create redundancy of roles to reduce dependency on one person.
Unable to attract projected grant income	3	5	5	<p>Staffing would have to be cut right back and increase in use of volunteers. This could potentially in itself threaten turnover levels.</p> <p>Our track record over the last three years of applying for and receiving funding is a good indication of us being able to fulfil this need for grant funding. We have built a great relationship with existing funders such as Power to Change and have applied successfully with them and others in the last few years to raise a significant amount of grant funding for the shop and various projects. These existing relationships alongside our conversion to a Community Benefit society, which is a more grant friendly business model, combined with our grant funding working group that we aim to be up and running by the end of the year we are confident we will be able to raise the funding needed for the delivery of this business plan.</p>

Risk	Likelihood (1-5)	Impact (1-5)	Likelihood x Impact	Mitigation
<p>Unable to attract additional loanstock required to facilitate repayment of 2023-4, 2024-5 and 2027-8 loanstock (minimum scenario)</p>	2	5	10	<p>October Books has a track record of attracting loanstock and with our business growth we expect to have a wider supporter base.</p> <p>In the event that we cannot raise the extra required finance from loanstock or other sources on similar terms, we would have no option but to put the Society into voluntary solvent liquidation in order to realise the value of assets and repay our creditors. We would not wish to undertake this course of action, losing a vital community hub and an independent, radical, community owned bookshop with 45 years history in the city. We would explore all alternative options.</p>
<p>Pledged conversions to shares from loanstock and donation are not honoured</p>	1	5	5	<p>We have carried out significant consultation with existing loanstock holders.</p> <p>We are offering increased interest compared to loanstock to encourage and attract investment.</p> <p>In the event that a significant proportion of pledges are not honoured and the share offer does not look viable, we would not draw down pledged investments or conversions and would consider other options.</p> <p>In the event of no other options being available, as a last resort we would be forced to consider voluntary solvent liquidation in order to realise the value of assets and repay our creditors.</p>

Risk	Likelihood (1-5)	Impact (1-5)	Likelihood x Impact	Mitigation
Cost of Living Crisis affects overheads - specifically energy costs	5	5	25	<p>Has this been modelled?</p> <p>How much of energy is provided by solar panels? What will ongoing payments for energy be to the installer?</p>
More decline or same pattern for food sales categories due to cost of living and competitors	4	5	20	<p>Over the last two years we have seen this decline steadily despite efforts to improve the offer.</p> <p>Reducing the price of products is untenable due to low margins and after research into alternative suppliers there are none that can be found that will offer lower prices or fit into our business ethos.</p> <p>We are in the process of reducing our stock lines in this category and reducing the space afforded to the food sales on the shop floor. This space will instead be afforded to Cards and non-VAT food items where we have had some success in the same time period in increasing these categories' sales. We are looking for ethical and green gifts and local products suppliers to fill this section of the shop with an aim to replace sales lost in the food category.</p>
Cost of Living Crisis affects investment in community shares	2	5	10	<p>Typically a significant proportion of investments in community share issues come from people with disposable income and/or retirees whose incomes may match inflation. Our messaging will focus on October Books being part of a community level solution to issues such as heating homes and will attract people wishing to contribute to solutions to the crisis.</p>

Risk	Likelihood (1-5)	Impact (1-5)	Likelihood x Impact	Mitigation
Limited connection to communities outside our local area	3	5	15	<p>Work with Home:Grown SO14, WICT, WIG, Energise Me, Unity 101, City of Culture, and The Southampton Collective to develop and strengthen these connections.</p> <p>Restart Community Mushroom events.</p> <p>Work with events team to build on these connections.</p>
Unforeseen damage to Community space making it unusable eg flooding	1	5	5	<ul style="list-style-type: none"> <li>● Ensure OB area of building is maintained with regular reviews</li> <li>● Ensure there is a good operational relationship with SSJ to ensure that maintenance standards are of appropriate level</li> </ul>
Unable to acquire builder to repair work to increase delays in the space not opening	2	5	10	<ul style="list-style-type: none"> <li>● Insure there is a list of builders we can call up on</li> <li>● Building maintenance group to build a directory of local builders and build relationships</li> </ul>
A new Covid outbreak, where people will not wish to meet face to face and use of the community space is not available	3	5	15	<ul style="list-style-type: none"> <li>● Consider emergency plan to repurpose community space</li> <li>● included in the above will be repurposed uses of the space to create income eg storage, collection points</li> </ul>
Income from hires is below targets	4	5	20	<ul style="list-style-type: none"> <li>● Generate robust business development plan</li> <li>● Inbuilt into the plan there are regular reviews to consider new actions to take</li> </ul>
Significant regular Hires cease hire	4	4	16	<ul style="list-style-type: none"> <li>● adhere to business plan for CS which aims to generate several significant hirers not just a handful</li> </ul>

<b>Risk</b>	<b>Likelihood (1-5)</b>	<b>Impact (1-5)</b>	<b>Likelihood x Impact</b>	<b>Mitigation</b>
Plan and increased income from food and cleaning product sales not achieved	3	3	9	<p>Consult with community in what they would like</p> <p>Consider partnership opportunities with other local traders who specialise in food</p>
Book price increase	5	4	20	<p>Research other creative ways to generate income from books and their content (i.e. membership schemes, second-hand book schemes)</p> <p>Combine book sales with warm room ideas</p> <p>Examine the possibility of discounts for regular orders</p>
<b>Compliance risks</b>				
Assessment of accurate stock levels	3	5	15	<ul style="list-style-type: none"> <li>● Book-keeper and accountant and shop workers to develop and complete action plan to rectify anomalies</li> <li>● Stock take processes have been streamlined to make the process quicker</li> <li>● Stock take to be taken Quarterly to ensure accurate reporting of financial figures throughout the year to budget</li> </ul>
Failure to comply with GDPR legislation	2	3	5	<ul style="list-style-type: none"> <li>● Train staff in the requirements of GDPR legislation</li> <li>● Updated processes for storage of personal data to comply with legislation</li> <li>● Training of staff in scams and phishing emails</li> </ul>



<b>Risk</b>	<b>Likelihood (1-5)</b>	<b>Impact (1-5)</b>	<b>Likelihood x Impact</b>	<b>Mitigation</b>
There is an H &SE incident in the community space	1	5	5	<ul style="list-style-type: none"> <li>● Ensure that all H&amp;SE requirements are met in space</li> <li>● Ensure all hirers are given H&amp;SE guidelines</li> </ul>
A volunteer has an injury whilst working with us	1	4	4	<ul style="list-style-type: none"> <li>● Ensure that all H&amp;SE policies are read at induction particularly manual handling</li> <li>● Review H&amp;SE policies to make sure that they are receiving the right training</li> </ul>
A safeguarding incident occurs on the premises or at an external event	1	5	5	<ul style="list-style-type: none"> <li>● Ensure that all staff and volunteers are trained on the safeguarding policy</li> <li>● Ensure that all actions are followed in accordance to policy</li> </ul>
Failure to meet health and safety requirements	2	5	10	<ul style="list-style-type: none"> <li>● Appointment of H&amp;S representative (Jamie Cooper)</li> <li>● Training for community space H&amp;S representative</li> </ul>
<b>Operational risks</b>				
Some or all staff off sick or having to self-isolate (through Covid or chronic health conditions)	3	5	15	<ul style="list-style-type: none"> <li>● Adherence to covid risk assessment</li> <li>● Staff working in teams</li> <li>● Back up book keeping trained staff</li> <li>● Highlight committee responsibilities in covid risk assessment</li> <li>● Emergency plan if shop worker is off sick</li> </ul>

<b>Risk</b>	<b>Likelihood (1-5)</b>	<b>Impact (1-5)</b>	<b>Likelihood x Impact</b>	<b>Mitigation</b>
Reliance on Gardners for book supply and Infinity for food supply	2	3	6	<ul style="list-style-type: none"> <li>● Order books from different publishers, especially indie alliance and other independents</li> <li>● Examine possibility of sourcing foods from another supplier (volunteers to do price comparison)</li> </ul>
Reliance on internet for all sales and services and limited IT expertise in the worker team	2	5	10	<ul style="list-style-type: none"> <li>● We have developed a no internet action plan for the shop</li> <li>● Develop Terms of Reference for an IT volunteer team</li> </ul>
Unforeseen capacity issues for community space worker	1	5	5	<ul style="list-style-type: none"> <li>● Focus on revenue generation elements of role</li> </ul>
Damage to building/extensive building maintenance required	2	4	8	<ul style="list-style-type: none"> <li>● Development of a building maintenance team</li> <li>● Rendering for the outside of the building to be sourced and funded</li> </ul>

## 2.7.2 Insurance

Employers Liability Insurance

Insurer: Covea Insurance Plc

Policy number: BAE13086012423

Cover period: 05/11/21 to 04/11/22

Indemnity limit: GBP 10,000,000,00

Public Liability Insurance

Insurer: Covea Insurance Plc

Policy number: BAE13086012423

Cover period: 05/11/21 to 04/11/22

Indemnity limit: GBP 5,000,000,00

## 2.8 Implementation

**Improving and working on new and existing relationships with customers and anchor institutions including:**

- Students – contact all groups before start of semester
- Shop customers (Local)
- Aim to provide lower prices/second-hand
- Continued analysis of sales categories to reflect customer preferences (local history, politics, environment, and nature writing are top sales)
- Increase stationery range and card suppliers and include cards from our Gallery space
- Emphasise local purchasing of products
- Reduced packaging / no plastic products
- Have a regular monthly promotion of cards in the window over next 4 months
- Vegan food offering – demonstrations, food packs, and other local vegan foods. Develop plan by March 2023
- Have launch events for local products
- Blogs about reducing food spend and using ingredients in the shop
- Refill station: evaluate storage and display – June 2023

- Monitor profitability of refill products
- Improve signage for Gluten free and dairy free products
- Magazines: evaluate profitability and adapt our offering accordingly
- Improve range of independent publishers
- Rearrangement of shop space
- Additional signage and displays outside the shop promoting food, cleaning products and community space
- Work alongside other local retailers re organic/vegan offering
- Providing stories behind our goods and why we stock what we do, and making this accessible to the customer in store and online
- Education and workshops on how to reduce food waste and increase sustainability;
- Increasing our range of refill products for both cleaning goods and food as these naturally lower the price for anything included.
- External promotion of community space and other products online, in local publications and community boards
- Keeping noticeboards up to date with events and other promotions
- External sponsorships
- Consult on the products they would like to see stocked
- Use cataloguing software to identifying and promote best sellers and promote curated selection to be reviewed every six months
- Reduce excess old book stock
- Shop Customers (non-local)
- Promote Bookshop.org
- Developing relations with our local authors
- Event attendees
- Bring Your Own Book club
- Transition Southampton – support external events
- Set up Eventbrite with tiered pricing for donations
- As part of tiered pricing, offering copy of the book related to the event with ticket price
- Promote work of local historians, authors, tour guides, and artists
- Connecting with communities facing deprivation (including schools)
- People with access and mobility issues and developing a focussed plan to address this by summer

2023

- Connecting BAME and PoC communities – working with Home:Grown SO14, WICT, WIG, Energise Me, Unity 101, City of Culture and The Southampton Collective
  - Set up EDI working Group
  - Members introduction programme (Jan 2023)
  - Members Social events – Oct 2022
  - Volunteering opportunities including a menu of options for getting involved
  - Ambassadors of Books for Wellbeing scheme, purchasing through bookshop.org
  - Continue Quarterly meetings
- Anchor Institutions. Messages: Raise awareness of community ownership
  - Southampton University – contact lecturers re support. Promotion and advertising of academic texts. Promote all other products, events and opportunities. Create lists for students on Bookshop.org and our new website.
  - Reconnecting with Solent University
  - Schools – uplift/change WBD offer. Children’s event in advance. £1000 to £2000/month by end of 2022
  - Southampton City Council – having ourselves listed on Procurement lists for all departments
  - Arts and Cultural organisations – GHT, MAST, Mayflower, John Hansard, Parkes Institute. Approach to do book sales at events and promote community space
  - Hospitals and NHS Trusts
  - Unions
- Contact other organisations to come up with novel solutions in combatting loneliness and social isolation on the high-street
  - Residents Associations
  - Professional associations
  - University of the Third Age
  - LGBTQ+ community
  - TUVAA (The United voices of African Associations)
  - Solfed
  - Mencap – Improving alley way
  - Improving the condition of and maintaining the alleyway to the rear of the property
  - **Improving our Online offering – improves sales, customer experience, profitability**
    - Redevelop website (Dec 2022)
    - Change hosting platform (Dec 2022)

- Smooth online customer journey for purchase of books
  - Curated book selections online
  - Book lists for students
  
- **Engaging our customer base in new and dynamic ways**
  - Books for Wellbeing Scheme (100 members from 5 to 10 local organisations by the end of 2022)
  - A food/refill station
  - Reduce shop floor space for food for low selling lines
  - Increase cards and ethical gifts offering
  - Restart Community Mushroom events
  
- **Other operational risk mitigation tasks**
  - Action plan to rectify stock anomalies
  - Quarterly stock take
  - Train staff in GDPR legislation
  - Update process for storage of personal data
  - Training in scams and phishing
  - HSE requirements for community space and all hires have HSE guidelines
  - Volunteers introduction and HSE (manual handling etc) and periodical review
  - Training in safeguarding for all staff and volunteers
  - Adhere to Covid guidance
  - Look at sourcing food from other suppliers
  - Development of an IT working group
  - Building maintenance and operational relationship with SSJ
  - Creation of a list of builders and develop building maintenance group
  - Render for outside of building
  
- **Growth in community space income**
  - Focussed outreach
  - Social media campaign
  - Clear signage at the front of the shop
  - Fee paying co-working space
  - Gardening group – promote as a “Come and Garden With Us” event

- Deepening connection with existing hires
- Conversation café
- Provide storage in community space for organisations and tables chairs and other equipment
- Plan to repurpose in case of Covid outbreak
- Regular review of business plan
- **Grants and funding**
  - Set up Funding working group
  - Social impact strategy and assessment
  - Work with SIP to identify metrics from current data, retrospective assessment and additional metrics
  - Set up working group for Grants and Funding.
  - Research national campaigns that align with our values and consult with members which to champion
  - Utilise BA report to examine broader impact on the high street and local community
- **Governance and team resources**
  - Admin and advocacy roles implementation on Committee
  - Advocacy Chair role on Committee
  - Creation of a Paid Finance role
  - Treasurer role recruitment
  - Justice, Equity, Diversity and Inclusion role
  - Volunteers – reduced focus on getting volunteers involved
  - Active inclusion policy
  - Set up team knowledge and skills exchange training
  - Succession planning
  - Training or recruitment for HR, Legal and contracts and governance roles
  - Training for Chair and Secretary roles
  - Create redundancy of roles to reduce dependency on one person
- **Environment**
  - Demo of solar energy production and consumption
  - Active environmental policy
  - Allocate funding to Ben to better estimate our energy bills

- Model Energy Costs (these are set to increase for business). Look at use of energy as produced for heating.
- **Community Share offer**
  - Members as Ambassadors
  - Messaging to general community
  - Create template email for Members to share with others
  - Press release prior to offer
  - Create a video about the share offer
  - Community blog series about the share offer.
  - Hot Spot promotion on Counter about Community Shares
  - Create Trifold brochure and offer with every purchase in the shop
  - Create signage for outside shop in the window and A-Frame
  - Promote the shop and the offer through merchandise
  - Contact Residents Associations about the offer
  - Re-connect with past volunteers, workers and customers who may have moved away
  - Spread the word of the offer to academic institutions
  - Ensure all external promotions (Cookshop.org, customer orders, Event ticket sales etc.) include information and links to the share offer
  - Use the Crowdfunder platform which we have used to engage with audiences previously
  - Transfer existing loanstock holders who want to reinvest
  - Meeting with AirRegister Developers
  - Reporting on Booster spending, REACH funding admin
  - Matched equity funding



## **3 Appendices**

### **3.1 Role of Committee in our structure**

[Roles and responsibilities of the Committee.docx](#)

### **3.2 Purchasing assumptions**

[Appendix 4.2 - Purchasing assumptions used in future scenarios](#)

### **3.3 Community space Business Plan**

[Business Plan Community Space](#)

### **3.4 Marketing plan**

[OB Marketing Plan](#)

### **3.5 Competitor analysis**

[Competitor analysis](#)

### **3.6 Community Space Hire rates Information**

[Community Space hire rate and equipment only](#)

### **3.7 Suppliers**

[Suppliers & financial terms for business plan](#)

### **3.8 SWOT**

[SWOT analysis 10 08 2022.docx](#)

### **3.9 Social impact Strategy**

[Social Impact Strategy](#) - MORE TO BE ADDED

### **3.10 Policies and procedures**

### **3.11 Licences and agreements**