

Trading Strategy

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1.0 Our Philosophy

1.1 Our Core Purpose¹

The business exists to maximise sustainable profit that benefits the Students' Union in delivering its charitable objects.

1.2 Our Ethos

We are: Trustworthy²

Through our products, services and staff our businesses consistently improve student lives in ways that make you feel good, deliver quality and demonstrate reliability. Our commercial partnerships will be developed with organisations that can demonstrate they are also trustworthy.

We are: Adventurous³

Our high energy brands are relentless in carving brave pathways to drive highly competitive enterprises; although never at the expense of the wider student experience or the Students' Union charitable objects.

We are: Adaptable⁴

As the world and our students around us change we will change with it to meet consumer needs and where appropriate we will be the pioneers that lead the change through reactive, agile and flexible products and services.

¹ Board of Directors on the 27th June 17 said that the key purpose of the trading activity is to "profit for UPSU, be sustainable, link to value and standards of the charity". First draft statement: Our primary function is to generate sustainable profit, that benefits the Students' Union, through a portfolio of businesses. Additionally we have a social purpose to provide services and opportunities that benefit University of Portsmouth students. Reviewed at PSUT workshop 14th September 17.

² Directors said: Not at the expense of student experience, High quality to punch above weight, Money focussed but linked to values, Trustworthy, reliable & consistent, Perception of quality & value for money, Social responsibility, Personalised, Trusted, Improved lives, Ethical, Feel Good, Working in partnerships

³ Directors said: High energy brand, Brave & Courageous, Highly Competitive, Risky, Adventurous

⁴ Directors said: Stable but adaptable to trends, Agile, Reactive

2.0 Market Forces

We have made the following broad assumptions in shaping our 2018-2021 strategy and operational plans.

2.1 Our students

As access to Higher Education broadens through both social inclusion and globalisation of Universities it is likely that the Portsmouth student community will be increasingly diverse and cosmopolitan however the student community will most likely, by volume, continue to focus around a city centre campus. Our offer will therefore focus on both those who are in the city centre campus with targeted complimentary commercial services for those who engage with the University remotely.

2.2 Students as consumers

Students will come to accept debt as a fact of life which will drive purchasing decisions based upon individual value, as well as convenience and flexibility of payment. It's likely that purchasing decisions increasingly will be last minute as students weigh up the balance and choice for their own individual lifestyle impacting on price and value sensitivity of products and services.

2.3 Student lifestyle

With money being a key focus, so will be future careers positioning skills and employment opportunities at the heart of student life. However there is likely to remain the need to disconnect from academia and employment driven by a growing experience economy alongside a nation of foodies and fitness fanatics.

2.4 The wider economy

The only thing that is certain about Brexit is the uncertainty it leaves the UK in. The direct result of this is expected to be minimal economic growth and therefore the need to widen and diversify portfolios over driving products and services. Consumer spend and activity will be increasingly dominant over digital channels which will likely change the delivery models of services and supply chains.

3.0 Our Strategy

3.1 Our 10 year journey

Our development

- We started trading as Portsmouth Students' Union Trading Company Ltd in August 2007
 - Our trading was focussed on limited advertising sales and a small clothing outlet
 - Our staffing resource was 1 advertising coordinator and 0.5FTE retail assistant
 - We generated a profit of £8,000
- In 2009 our advertising sales was outsourced to student marketing experts BAM
- In 2010 we formed a relationship with Eskimo11 to deliver night-time economy offer
- In 2014 we brought advertising sales in house, transferred Grad Ball to PSUT, trialled a trips and tours business and launched a new shop
- In 2015 we launched our Housing Fayres and piloted Housing marketing
- In 2016 we piloted delivering event production services with University contracts and formally launched our Student House Finding website - studenthousefinder.com
- In 2017 our advertising sales were outsourced to student marketing experts BAM and secured in principle the University contract for delivering corporate merchandise

Our current purpose

- PSUT has been identified as essential to sustainably funding the Union's charitable activities and services.
- PSUT currently contributes approximately 12% of the charity's total revenue
- PSUT employs student staff providing invaluable training and experience

Our current position

Income Sources	2015/16	2016/17	2017/18
Corporate Partnerships (Advertising)	£106,271	£95,509	£112,270
Event Services	£5,845	£10,356	£6,598
Retail Services	£29,635	£45,596	£26,234

Business Performance

- Comfortably delivering return of £130k profit annually
- The best Freshers Fayre in the UK for student experience - BAM Agency Ltd
- Formal agreement to deliver the University branded merchandise

Social Performance

- National Student Employee Of The Year finalists two years running
- Community & brand loyalty building through events and merchandise
- Student cost savings through NUS Extra Cards

Resources

- 2.8 FTE Staff
- Financed through in year investments or loans from charitable reserves

3.2 The need for income

The charity has an ambition to provide equity of benefit to all members and currently receives approximately £46 per head in block grant from the University. The charity is forecasting an annual inflationary rise in block grant of 2% against an annual inflationary rise in student numbers of 4.11% (to 2020) and assumed continued equivalent growth leaving a shortfall in income.

The University have been clear that there is unlikely to be any significant shift in long term grant funding placing a need on the charity to source an additional £210,000 per year by 2025 to maintain the current spend per head. The charity is has prudently modeled no growth in trading income however the table below shows great demand to be able to retain a strong spend per head.

Financial Period	Block Grant (Forecast)	Student Population (Forecast)	Per head income	Per head shortfall	Total shortfall (Forecast)	PSUT Profit Targets (Forecast)
2017/18	£1,182,817	25,699	£46.03	£0	£0	£134,102
2018/19	£1,206,473	26,755	£45.09	£0.93	£24,957	£159,059
2019/20	£1,230,603	27,855	£44.18	£1.85	£51,440	£185,542
2020/21	£1,255,215	29,000	£43.28	£2.74	£79,520	£213,622
2021/22	£1,280,319	30,192	£42.41	£3.62	£109,273	£243,375
2022/23	£1,305,926	31,432	£41.55	£4.48	£140,779	£274,881
2023/24	£1,332,044	32,724	£40.70	£5.32	£174,120	£308,222
2024/25	£1,358,685	34,069	£39.88	£6.15	£209,382	£343,484

The nature of the charity is that annually budgets are set to reflect availability of income. There are also other potential revenue sources such as grant funding, however these figures provide a useful indication of the potential size and scope of the revenue growth required (14% CAGR).

3.3 Where we will be

By 2021 we will...

- Be broadening the depth and/or breadth of offer to scale our current core services
- Be invested in planning, trialling and delivering appropriate additional businesses
- Have the resources in place to achieve the 2025 ambitions

By 2025 we will...

- Have a portfolio of flourishing and stable businesses
- Be providing experiences, services and opportunities that benefit students
- Have the resources in place to sustain these businesses for the future

3.4 Principles of business⁵

In building the portfolio of businesses under the realm of the trading company umbrella, business ideas will have passed the following principles test to ensure they are appropriate for the UPSU group:

- **Purpose:** Does the innovation contribute to the core purpose of the company?
- **Brand Fit:** Does the innovation complement the reputation of the charity and fit within the policy, ethos and culture of the company?
- **Audience:** Does the idea put our students at the centre of the benefit from the innovation?
- **Skills Fit:** Are we the best people to provide this?
- **Risks:** Can we manage the risks to be acceptable for the rewards?

PSUT staff are responsible for testing business ideas and reporting the outcomes to Board of Directors. The Board shall have the ultimate approval of business plans.

3.5 Our operating model

Portsmouth Students' Union Trading Company Limited (PSUT) is the legal corporate trading name of the trading subsidiary of a group of businesses which, to the end consumer, appear to trade as separate specialist businesses.

⁵ Developed as variants of Mullins Seven Domains (<https://www.mindtools.com/pages/article/mullins-seven-domains.htm>)

While PSUT businesses will operate on different models and performance will be analysed on a business by business basis; they will benefit from pooled resources such as marketing, event support and finance support available through both charity and trading group.

Our primary core business activities are:

- Corporate Partnerships
- Event Planning Services
- Retail Services

3.6 Our 3 year focus areas

In response to our 2021 ambitions we have set out the following three focus areas:

By 2021 we will:	Base	Target
Have reviewed and expanded upon the breadth and/or depth of our core services (corporate partnerships, events and retail) to benefit students and make a positive contribution towards the UPSU group requirements	£134,102 <i>Net profit</i>	£173,862 ⁶ <i>Net profit</i>
Have developed, piloted, and be invested in alternative businesses to make a positive contribution towards the UPSU group requirements	£0	£39,760 <i>Net profit</i>

In support of this, by 2021 we will:

- Be supported by students in creating and delivering our business through our employment opportunities, work with student entrepreneurs, and integration with credit bearing courses
- Ensure that we have invested in the skills and expertise to achieve our aims
- Be using technology to drive business efficiencies and add value
- Be invested in acquiring or developing the physical and digital spaces to deliver our portfolio of businesses
- Have detailed financial models and plans for each business area leading to 2025
- Have agreed investment and funding models to deliver the business aims

⁶ Leads to a profit requirement by 2021 of £213,622. 50% of which delivered by current service growth. Representative of 9% CAGR. The remaining 50% is from new business growth