

Developing your Product or Service

This is a list of prohibited items

There are certain restrictions when choosing your product or service for example

- Alcohol
- Animals and Wildlife Products
- Drugs and Drug paraphernalia
- Embargoed Items & Prohibited Countries
- Firearms and Ammunition
- Franking Machines
- Government IDs, Licences and Uniforms
- Lockpicking Devices
- Lottery Tickets
- Mailing Lists and Personal Information
- Offensive Material
- Satellite, Digital and Cable TV Decoders
- Shares and Securities
- Surveillance Equipment
- Tobacco and Tobacco Products
- Unlocking Software
- Used Cosmetics
- The repair and maintenance of mechanically propelled vehicles
- Goods for animal consumption
- Acids, gases including helium balloons, explosives, fireworks and chemicals, drugs and pharmaceutical products

Please note that:

- Junior Achievement companies must not trade in alcohol or tobacco products or set up events where alcohol or tobacco are being sold or served even if students are not directly involved in serving these products.
- JA Companies must not act as Travel Agents, Tour Operators or Taxi Services.
- Junior Achievement companies are not allowed to produce or manufacture foodstuffs, nor buy unbranded products for consumption, those subject to refrigeration and special storage arrangements, together with products of a sell by date under 3 months, or which would have reached the sell by date at time of sale.
- There is a lot of legislation around the manufacture and sale of children's toys. We would therefore recommend that if you are considering a toy/s as your product that you read the guidelines on the following pages.

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Price Marking

Virtually all goods which are offered for sale must have a price indicated (the price per kilo or per item) either on or near the display. It is against the law to give a false or misleading indication of the price of anything you are supplying and you must not charge a customer more than the advertised price. If, at the end of your scheme, you decide to have a sale to get rid of stock, take care over how you advertise your price reductions.

Goods should not be marked down in price unless they were previously offered at the higher price for at least 28 consecutive days in the last 6 months, or the comparison should be fair and meaningful, give a clear and positive explanation of the period for which, and the circumstances in which, that higher price applied.

If you are going to advertise your sale, make sure that every one concerned with selling knows the sale price. Apart from having a few disgruntled customers, you could break the law if you fail to mark your prices and any reductions clearly.

Any hidden extras, which must be paid for, such as delivery charges, must be included in the price or clearly stated.

Weights and Measures

Many goods have to be sold in what are known as "prescribed quantities" or standard amounts. If you need to check whether your product is covered by any quantity marking regulation, ask at the Trading Standards Office. Most pre-packaged foods and some non-food items need a statement of quantity marked on them. It is a criminal offence to give short weight or measure or to use in trade any weighing or measuring equipment that has not been checked and stamped by a Trading Standards Office

Internet Trading

Creating a web site for your company can be a valuable and interesting learning experience and has the potential for stimulating sales interest in your products or services. However you must remember that the internet is accessible worldwide and therefore if you are thinking of setting up a website you need to follow the guidelines on the web site fact sheet which can be found on the JA website details..

Miscellaneous

The Business Names Act 1985 says that if you adopt a business name under which to trade, then you must display a notice at your business premises giving certain details. Your business premises can be anywhere from which you deal with your customers.

The notice has to give:

- the full names of the owners of the business
- an address to which documents may be served or sent

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Imports

Not all foreign goods comply with UK regulations. If you plan to import goods directly from abroad it is important that you contact the Trading Standards Department to ask for advice before importing goods.

Intellectual Property Rights explained

What is Copyright?

Copyright relates to the expression of an idea, not the idea itself. For example, anyone can write a story based on the idea of a boy-wizard, but they cannot copy text or illustrations from other books about the same subject. Copyright can protect a drawing from which you make an item and could protect the item itself, for example a sculpture, but will not protect the process by which you make it.

Copyright protects sound recordings, films, broadcasts and original artistic, musical, dramatic and literary works. This includes, for example, photographs, sculptures, websites, computer programmes, plays, books, videos, databases, maps and logos. But it does not protect the names, designs or functions of the items themselves.

If you want to use someone else's copyright material in your business, you must normally get permission either directly from the owner or from an organisation which represents groups of copyright owners.

Trade Marks, Designs and Patents all need to be registered with the UK Intellectual Property Office which can be a costly and time consuming process as research has to be undertaken to ensure the work is original. However you do not need to apply for Copyright as it is an automatic right. You should use the © symbol and your company name and the date. This may help if proving Copyright becomes an issue. As the owner of the Copyright you have the right to license it sell it or transfer it to someone else.

Further information on Intellectual Property can be found at: www.ipo.gov.uk/myip.pdf

Business Ethics

Business Ethics is a subject that covers and crosses all of the functions of a company's activity. It is both internal to how a company operates and treats its staff and also external in how it relates to other businesses, its customers and the wider community. As a Junior Achievement company you have the opportunity to think about what business ethics are important to you as an organisation and include your ethical values in your decision making process and in your Mission Statement.

Ethical values guide ideas of acceptable and desirable behaviour above and beyond compliance with laws and regulations. As a company you will be faced with many choices, some of the decisions you make will be based on business values such as efficiency or profitability, others will be about the ethical values you may aspire to, such as respect, honesty and responsibility.

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Business Ethics

You should not underestimate the importance of taking ethical values into consideration when making business decisions. Some companies have suffered bad publicity which has affected their profits after making ethically bad decisions. For example in recent years some clothing companies using manufacturers employing child labour in developing countries have found their profits suffering from the negative publicity surrounding this activity.

Some simple ethical tests for a business decision:

- Transparency: Do we mind others knowing what we have decided?
- Effect: Who does our decision affect or hurt?
- Fairness: Would our decision be considered fair by those affected?

Some questions to help you think through the business ethics that are important to you:

- What values are important to the company beyond those that are already required through compliance with rules and regulations?
- What reputation do you want the company to have and what behaviours will effect that reputation?
- What is responsible business behaviour?
- In Marketing and Sales what does it mean to be honest?
- What is the provenance of the raw materials we are using?
- Are our stakeholders being treated fairly and with respect?
- Are we using anyone else's intellectual property and have we got permission to use it?

Environmental Impact

We are all increasingly aware of the effect our activities have on the environment and are constantly seeking new ways in which to reduce this impact. The EU environment commission has four criteria for reducing environmental impact: minimum use of natural resources, reduced emission of harmful substances, long service life and optimised re-use and recycling. The Junior Achievement Company Programme gives you the opportunity to explore ideas of how to reduce your environmental impact both within the activity of the company and in its product or service.

Being concerned about the environment need not conflict with your companies aim to make a profit, however sometimes what appears to be the cheapest solution to a problem can be very expensive in terms of its impact on the environment. As the issue of environmental impact is currently very much in the public eye, coming up with an innovative solution may well help you to create a niche market and it will certainly help your reputation as an organisation. You may want to think about how to get the best balance between costs and environmental impact.

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Environmental Impact

Here are some questions to think about as you develop your company:

- Is there a way you can use recycled materials in your product?
- Are you able to source materials locally and reduce the environmental impact of your product?
- What are the natural resources used in the manufacturing process? How can you minimise their use?
- How much packaging does your product need? What is the most appropriate material?
- How can you minimise waste? Can the waste be re-cycled?
- Do your processes result in emissions of harmful substances? If so is there an alternative that is less harmful?
- How long lasting will your product be? Is there a way you can design for multiple uses?

Product Safety

You have a legal duty to trade safely and to make sure that no-one is harmed by the goods you supply or the services you perform. If someone is injured and you are to blame, you could find yourself being both prosecuted and sued.

This is probably the most important area covered so far. If you are in any doubt about your proposed scheme, please first check with the Trading Standards Department, so they can help you avoid any problems.

Mistakes here can be costly.

British Standards

It is essential that you try wherever possible to manufacture your goods to a British Standard. If you do, it can be held as a defence against a claim for compensation arising from someone being injured through using those goods.

To check whether or not a British Standard applies to your particular product, simply telephone the Trading Standards Office or the County Reference Library.

Product Safety

There are a number of detailed regulations made under the Consumer Protection Act 1987 which deal with specific goods. The aim is to prevent or reduce the risk of death or injury from goods. This is often done by requiring goods to comply with certain standards (usually British Standards). They can cover things like:

- the way goods are made, their contents, design, finish or packaging
- warning labels or instructions for use
- quality control checks or tests by the manufacturer

It is advised that you check products you wish to manufacture with the Trading Standards Department. This is particularly important in the case of toys. The Toys (Safety) Regulations 1989 and 1995 require that all toys manufactured and sold in the UK must comply with British Standard EN71, and that, unless the toy is too small, it must be marked with a CE mark together with the name and address of the manufacturer or his agent.

Some important features of the safety regulations are:

Fabrics

Those marked "non-flammable" must meet set standards of low flammability. Fabrics used in furniture need only comply with the furniture regulations.

Product Safety

Filling Materials

Materials used for filling cushions, mattresses, toys, etc, must meet the required standards of cleanliness and flammability.

Furniture

Children's furniture must meet a British Standard ignition test. Upholstered furniture must pass the match and cigarette test.

The correct labels must be shown on furniture when it is exposed for sale. Manufacturers of foam-filled furniture must use combustion-modified foam. Be aware of the regulations if you are intending to make any kind of goods which could be loosely described as "furniture". Remember that scatter cushions are defined as furniture. Furniture that incorporates glass in its design must comply with safety standards. Check with Trading Standards if you intend to include glass in your product.

Imitation Food

You will be breaking the law if you make any novelty items which: smell, taste or look like food and are small enough to choke a baby if swallowed. Examples: fridge stickers, badges, jewellery.

Nightdresses

Children's nightdresses must comply with the British Standard low flammability test. Adult nightdresses, pyjamas and babies' nightclothes must carry a warning if they do not pass the low flammability test.

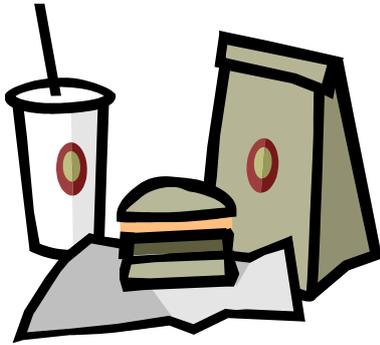
Children's nightdresses and dressing gowns must be made from flame-resistant materials which meet the British Standard test for low flammability. Other types of nightwear such as pyjamas, terry towelling sleep suits and all adults' nightwear, must be labelled to show whether or not they meet those safety standards. If they don't, the label must bear a triangle with the words "Keep away from fire" (The Nightwear (Safety) Regulations 1985).

Pens and Pencils

Limits are set for the amount of soluble lead and other harmful substances in pencil cores and the surface paint of pens, pencils and art brushes.

To prevent the danger of asphyxiation from swallowing pen caps, there is a British Standard for pen caps. Anybody supplying or selling pens should comply with this standard.

Product Safety – Food and Drink



The food industry is very tightly regulated. It is important that anyone handling food products has received the necessary training in food hygiene. Food poisoning is nasty and in extreme cases can be fatal. It is for this reason you need to read the guidelines below.

What you can't do.....

- Junior Achievement companies must not trade in alcohol or tobacco products.
- Junior Achievement companies cannot grow, produce or manufacture foodstuffs and beverages. Nor are they allowed to buy and sell on unbranded products or those subject to refrigeration or other special storage arrangements.

What you can do.....

Junior Achievement companies are allowed to buy and sell on branded foodstuffs not subject to refrigeration or other special storage arrangements as long as the best before date is more than three months away. Products must be sold before the best before date.

Manufacturer's multiple packets can be broken down as long as the wrapping on individual items are marked with best before dates and the manufacturer has not restricted the breaking down of a multiple pack product for re-sale (this is printed on the packaging).

The legal position.....

Junior Achievement companies often see the production of food items as an attractive option. However the Environmental Health and Trading Standards legislation around the production and retailing of food products is complex and would be a distraction from the objectives of running a Junior Achievement company.

Retailing of branded products as described above is allowed because, whilst the product remains in a manufacturers wrapping and within the best before date, product liability remains with the manufacturer.

Product Safety – Toys



Toys

Toys must not be made of flammable materials, i.e. cellulose nitrate. Those made from pile fabrics have to meet the British-Standard test for low flammability.

Plastic bags used for packaging toys must be too small for a child's head or be of a thick gauge.

Toys must not:

- have sharp edges or points
- have easily detached eyes, etc
- be painted with toxic paints
- operate at more than 24 volts

The DTI has published "Toy Safety" guidance notes on UK regulations, ref. URN 95/706.

Toy safety legislation - checklist: Here are some questions your company should ask itself:

1. Is it a toy?
2. Are materials safe and approved?
3. Have you a Technical Record?
4. Have you a Production and Materials Record?
5. Are construction methods safe and secure?
6. Are warnings necessary? i.e. not suitable for children under 36 months?
7. Have you decided to "CE" tag correctly?
8. Is the source of manufacture clear? Name and address of place of production clear?
9. Do you need to check with your local Trading Standards Office?
10. Are you sure of all checks being made?

Product Safety

Descriptions

The way that you describe the goods you are supplying or the services you are providing is important. You must tell the truth or you risk committing a criminal offence under the Trade Descriptions Act 1968. Descriptions can be spoken, written, shown in pictures or photographs or a mixture of any of these. Also be sure that you are not imitating another person's design or product without their permission.

Some goods are required by law to be described or labelled in a particular way. For example:

Clothing and Textiles

The Textile Products (Indication of Fibre Content) Regulation says that most clothing and textile products must be marked with their fibre content to show the customer what they are made from. For example, 70% cotton / 30% polyester. Washing instructions are optional extras but if you choose to include them make sure that the label is accurate or you could be in trouble with the Trade Descriptions Act.

Jewellery

Gold, platinum and silver are called precious metals and although it's unlikely that you would make anything from the first two, you may think about using the third, silver. If you do, be careful. The Hallmarking Act 1973 says that unless an item is very small (less than 8gms) or extremely delicate it has to be stamped with a hallmark by one of the Assay Offices, otherwise it can't be legally described as silver. Make sure that any metal you buy to make jewellery does not contain any nickel.

Candles & Candle Holders

Although it is not yet required by law, it is good practice for all candles and candle burning accessories such as oil burners, lanterns and candle holders, to be supplied with appropriate directions for use and safety precautions. For more detailed guidance ask your local Trading Standards Service for advice.