

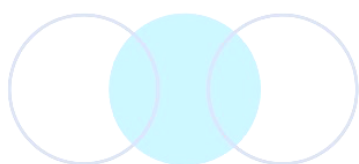


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<b>Approved by</b>	<b>Dorian Roberto Ramirez Sosa</b>
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DIRECT MEDIATION  
SERVICES

## SERVICE PLAN 2017-2019



DIRECT MEDIATION  
SERVICES

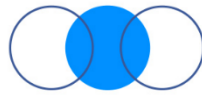
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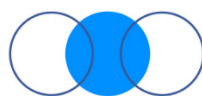
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## **EXECUTIVE SUMMARY**

Divorce rates in the UK continue to increase and as the financial economy slows, separating couples will be less able to afford expensive lawyer fees. There is also a culture of wanting services and answers fast. The divorce courts have long waiting lists, which can lead to divorces taking years and in turn lead to lives being put on hold. Mediation meets the needs of the market, as published data from research clearly show that mediation is cost and time effective in comparison to a divorce processed by family lawyers.

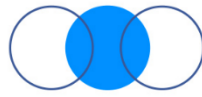
The public is slowly realising the benefits of mediation, but it is slow and it is acknowledged that it will take years to change the public's mind from wanting their day in court in front of a judge to wanting to sit around a table to work things out with a mediator.

The family mediation community has been slow in embracing technology and it is generally frowned on to carry out Mediation Initial Assessment Meetings (MIAMs) by Skype, FaceTime etc. However, there is nothing stopping mediators do this as per the FMC guidelines, the Legal Aid Authority do prohibit this if they are funding the client and require face-to-face meetings to take place.

Mediation companies are not exploiting the Internet in the way that other business markets do, such as Pay Per Click (PPC) campaigns, Search Engine Optimisation (SEO) and Facebook marketing. This is the gateway to a generation of separating and divorcing couples who live their lives via social media.

Divorce and separation are an everyday feature of our society and the trend is very much for this to continue to increase. Demand per se coupled with mediation being pushed by the judiciary will inevitably ensure that the need for expert family mediation is readily available. Direct Mediation Services – with its unique experience and contacts – is seeking to play a leading role in the provision of first class, professional service that is enshrined in its foundations of social justice and equality.

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## **(AA) BUSINESS BACKGROUND**

### **1. Business History**

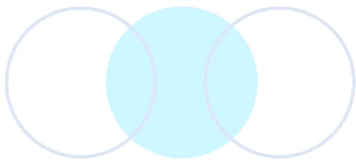
The Intelligent Solutions Group Ltd, trading as Direct Mediation Services, is a limited company. Its CEO is Stuart Hanson and he is a Family Mediation Council accredited mediator. He is a member of the College of Mediators.

### **2. Service Description**

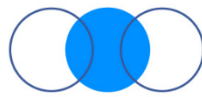
To deliver high quality, professional family mediation services to separating/divorcing couple and their families.

### **3. Business Location**

Direct Mediation Services have a Leeds city centre office and also a number of out reach offices throughout England via an agreement with Shoosmiths law firm and other community organisations.



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## (BB) SERVICES

### 1. The Market

The Judiciary encourages separating parents wherever possible and safe to arrange their affairs without recourse to the courts. This was a theme of the Family Justice Review and is an objective of this and previous governments. The intention has been to encourage out of court dispute resolution, with a particular focus on mediation. This has remained in scope for legal aid (as has legal advice in support of mediation) and the Children and Families Act 2014 places a legal obligation on an applicant to attend a Mediation Information and Assessment Meeting (MIAM) to consider mediation before being able to issue court proceedings in certain private family law matters.

Statistical data shows that divorce rates have fallen to their lowest level for 40 years amid signs that the growing acceptance of couples living together before getting married has ultimately strengthened marriage.

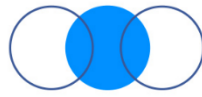
The most recent figures from the Office for National Statistics show that 130,473 couples divorced across the UK in 2013 – down almost three per cent in a year. The overall divorce rate fell to 9.8 per 1,000 married men or women, the lowest level since 1975 - the year after a major liberalisation of divorce law in the wake of the sexual revolution came into force.

Despite this, it is to be noted that there is a much bigger shift towards couples living together unmarried as a result of a transformation of social attitudes. Recent figures showed the number of families headed by cohabiting couples up by 30 per cent in a decade and more than doubling since the mid-1990s.

It is now more than four years since the introduction of major reforms to legal aid, which made it harder than ever to get free access to a lawyer for those who cannot afford one. As mediation is legally aided for many, it can be an affordable alternative rather than going to court like the growing numbers of people with no legal experience are fighting alone to hold on to everything from their homes and possessions to their right to stay in the UK or even keep custody of their children. It is the time for mediation to be seen as a better alternative for dispute resolution than court.

Direct Mediation Services aims to have a number of niche markets. Research has been carried out and it appears that rural areas in North Yorkshire are very poorly serviced by Legal Aid providers. The same applies in the Wharfe Valley in West Yorkshire. It is these communities we will also aim to serve. In addition to this, one of the firm's mediators has extensive experience dealing with the LGBT community and foreign nationals, so we would look to develop an appropriately accessible service for these groups of people.

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## **2. Service status**

Whilst the CEO of the business is accredited by the Family Mediation Council, he has identified that not having a Legal Aid contract restricts the work that can be taken on. On many occasions, one party is privately paying and the other is entitled to Legal Aid. At this point, acting in an ethical way, the case is referred to another firm. By having Legal Aid, we can support both private and publicly funded clients. To achieve this aim, we will provide the LAA with full details of Mediation work we will undertake outlining the locations and contact details for our services.

## **3. Key features**

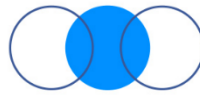
Direct Mediation Services would offer clients – as a result of the unique experience of the CEO - a depth of understanding, knowledge and advice that would be difficult to find elsewhere. The CEO has also worked extensively with foreign nationals in a previous job and this would also be a market with which we would look to work.

With the agreement Direct Mediation Services has with a national law firm, we are able to use offices across the UK at no charge. This means we can give clients a service that is financially competitive. Also as the firm's administration is online, there are relatively low overheads.

## **4. Competitive advantage**

It is the combination of unique experience, flexibility and cost effectiveness that will mark out Direct Mediation Services in a high demand, low supply market.

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## **(CC) THE MARKET AND SALES STRATEGY**

### **1. Market Research**

Stuart Hanson has over 2 years' experience in family mediation and previously sat as a family magistrate for 5 years in the West Yorkshire courts.

### **2. Overall Market**

The high concentration of different migrant communities in the Bradford and Leeds areas (and, indeed, throughout West Yorkshire and Lancashire), has contributed to a belief that there is a demand for a specialist mediation firm, which also has a practical understanding of the immigration law of the UK and different cultures/religions, and can provide a multi-lingual service.

The CEO also has established links with many LGBT community groups in the area and believes that an LGBT friendly mediation firm would be welcomed, especially when some of the mediators are from the community.

Many local firms have family law departments, so there is always a need for an independent mediator. The CEO of the firm has many links to legal firms in the north of the UK due to his previous immigration firm and has a reputation for a solid, professional service. Already links with some high street firms have been established and referrals are being received.

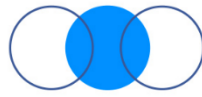
With increased court costs and legal aid not being readily available for family cases, and mediation being part of the legal structure for family court, mediation looks like it will take a more prominent place in the future.

### **3. Market Segment**

Although we envisage the predominance of clients to originate geographically close to the West & North Yorkshire area, there are no geographical limitations to market opportunities, especially with online options for private paying clients.

Given the potential number of clients available, a large "client pool" is sustainable over a long period. As legislation becomes increasingly complex, family solicitor fees rise with inflation, the family court waiting times become longer, the demand for mediation will increase. The market, therefore, could potentially viably support a mediation firm with a number of niche specialisms.

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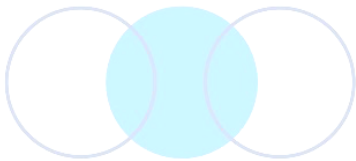


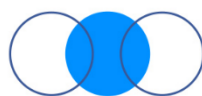
#### **4. Marketing and Sales Strategy**

Direct Mediation Services' unique contact with law firms, immigrant communities, the rural community, and LGBT organisations – particularly in West and North Yorkshire – gives it the ability to establish clear referral procedures. Not only can Direct Mediation Services meet the needs of separating families but, also assist with effective signposting.

Given the limited number of FMC accredited male mediators in the field, and the reputation of Stuart Hanson, along with the firm's other mediators, word of mouth will always be a key component in ensuring that the everyday ("bread and butter") cases are attracted to the office.

A website has been launched, but it is still being modified. Social media channels are up and running and hope to attract people to the business's website.





## **(DD) PROFIT FORMULA / BUSINESS FINANCIAL MODEL**

### **1. The “Bread and Butter”**

All mediators are FMC accredited in all issues, except child consultations. This will be outsourced. The cost of offering the service is governed by market conditions in the first instance and is available to the public – both via our publicity material and on the website. Furthermore, all clients will receive details of costs relating to mediation in the “Welcome Letter”.

Whilst the competition for family mediation is relatively great in cities, the potential income is £240 per mediation session. Given the extent of the market – and, more importantly, given the increased complexity of family life and complex family units – Direct Mediation Services is better positioned, as it has a very diverse workforce, which reflects modern day living.

### **2. Child Consultation Cases**

This is an area which can be looked at when the business has become more established or when a current mediator has taken the appropriate training. Currently all such cases will be outsourced to an independent family mediator specialising in this field.

### **3. Client Account**

All fees paid by Direct Mediation Services’ clients will be paid in advance of any work that is provided and will be held in a Client Account until such time as the work has been completed. Funds will then be transferred to the Direct Mediation Services’ current account.

### **4. Overheads**

The estimated cost of marketing is as follows:

- Web design & SEO in the first year £2000.00
- Pay Per Click Campaign £1,200.00
- Facebook Campaign £500.00
- Flyers and leaflet £500.00

There is the permanent office cost which is £2,700.00 per year.

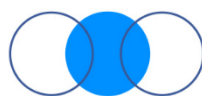
The telephone line is £1,000.00

Accountancy fee are £1,700.00.

Admin costs are £5,000.

Overall estimated cost of overheads in the first year of operating is £14,600.00.

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## **(EE) OBJECTIVES AND IMPLEMENTATION**

### **1. Overall Objectives**

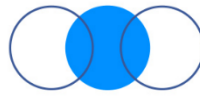
To be recognised as providing high quality, professional service cost-effectively with integrity.

- Providing at least 100 privately funded cases and 100 legally aided cases per annum in the first year.
- Increase the mediation cases (Legal Aid and Private) to at least 300 in the second and third years of trading (150 each).
- Concentration of creating the client base in the immediate West and North Yorkshire area in the first 6 months/1 year of trading.
- Extend geographical base beyond the initial parameters.
- Develop a free quarterly training programme for family solicitors.

### **2. Action Goals**

- Build on the existing partnership network with community organisations and family law firms.
- Recruit more FMC accredited mediators able to carry out child consultations.
- Offering reduced cost MIAMs, via the website to encourage people to try mediation.
- Approach GayRadio etc to speak about mediation.

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## **(FF) MANAGEMENT AND PERSONNEL: OWNERSHIP AND LEGAL STRUCTURE**

### **1. Organisation chart**

The organisation has an organisation chart.

### **2. Key members of the Management Team**

Stuart Hanson has extensive knowledge and experience running businesses. This stems from his employment in immigration firms and training providers. Stuart has been a business owner before, and has run a number of successful companies. Many of the team were with Stuart in his previous business and therefore there already exists a team spirit.

### **3. Gaps in the management team**

Although Stuart Hanson has experience in financial affairs, Direct Mediation Services has appointed an accountant in order to do the necessary HMRC paperwork. The company has a book keeper, which manages the day to day financial affairs. There is also an office manager, who has extensive administration experience and who also has a law degree. The company has also engaged a specialist mediation consultant to support the business and to provide supervision.

### **4. Remuneration**

Stuart Hanson – and any future employees - that are working full time for the company have a contract of employment and are paid a salary. Part time or contracted staff will be remunerated on an hourly basis as per the terms of their individual contracts.

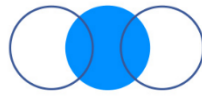
### **5. Organisational Form**

Direct Mediation Services is a trading name for The Intelligent Solutions Group Ltd, which is a limited company and all shares belong to Malcolm and Anne Hanson.

### **6. Investor**

There is no investment from any third parties.

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## (GG) FINANCIAL DATA: CRITICAL RISKS, POTENTIAL PROBLEMS AND COPING STRATEGIES

### 1. Financial Position

The CEO has lent the company the sum of £10, 000 as an initial investment. Further funds, up to a limit of £50,000 are available.

The borrowed sum will be repayable to the CEO over three years. Payments will be triggered at the discretion of the Directors with interest at a rate of 1% over the Bank of England base rate at the time of repayment.

In accordance with best practice in financial recording and review, the company's accountants will undertake the preparation of the annual accounts, to be signed by the directors and filed at Companies House. Internally, the CEO, together with the Finance and Office Managers will conduct a six-monthly (or more frequent if necessary) financial review to keep themselves updated on the status of the company's finances.

### 2. Financial Projections

In the first year of trading:

Mediation Cases (Private)	$100 \times £240 \times 3 = £ 72,000$
Mediation Cases (Legal aid)	$100 \times £168 \times 3 = £50,400$
Total	£126,400

Salary of CEO (part-time)	-£15,000
Mediator costs	-£36,000
Operating costs/expenses	-£14,600 (approximate)
Repayment to director	-£5,000 (first year)

Total	£70,600
Profit	£55,800 (Gross)

Corporation Tax & VAT to be applied.

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**Year 2**

Revenue 1 Private:	150 x £240 x 3 = £108,000
Revenue 2 Legal Aid:	150 x £168 x 3 = £75,600
Total	£183,600

Salary of CEO (full-time)	-£30,000
Mediator costs	-£54,000
Operating costs/expenses	-£21,900 (approximate)
Repayment to director	-£5,000 (second year)

Total £110,900

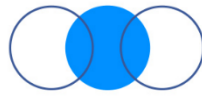
Profit £72,700 (Gross)

Corporation Tax & VAT to be applied.

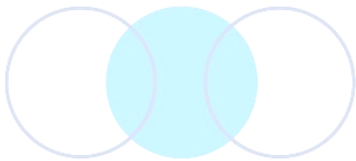
**3. Critical Risks**

- I. Whilst there are a number of providers in the sector offering family mediation, there is a clear market for a service provision that has an understanding of the LGBT and immigrant communities.
- II. Competent mediators from within the LGBT and immigrant communities are more likely to attract a larger client base. For this reason, Direct Mediation Service has prioritised the recruitment of a member of staff from a migrant community as soon as possible (within one year of trading at the latest).
- III. Direct Mediation Services must not be seen as an “outside” – but an integral part of the migrant and LGBT communities. If it is unable to project this image – the market will be the same as all the other mediators in the high street.
- IV. The trend of government legislation (with cross party political support – thus suggesting that the trend is likely to continue over the next 5 to 10 years) is to encourage people to use mediators.

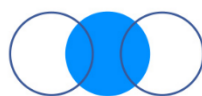
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- V. Given the potential openness of specific markets, it is imperative to guard against being overwhelmed from the outset and to only take on the amount of cases that can be effectively handled. With the Direct Mediation Services' ethos being centred on the concept of integrity and professionalism – and the importance of word of mouth in the dissemination of information and recommendation – any undermining of this at an early stage (as a result of attempting to cope with too great a workload) would be detrimental.
- VI. Our market predictions are completely inaccurate and the market is unsustainable. Should this prove to be the case and the market prove to be more restricted than anticipated, Direct Mediation Services would be in a position (as a result of the vertical and horizontal diversification of the company structure) either subsidise, over the short term, the mediation service. However, over the short/medium term, should there be insufficient sustainable business – the company can be wound up as part of a staged exit strategy from the market.



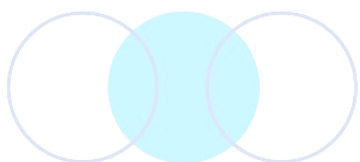
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## **(HH) Conclusion**

At the very heart of a divorce or separation is the upheaval and/or change in circumstances, which can involve great emotional and financial distress. It is a very human process. For this reason, Direct Mediation Services believes that there is no conflict between the principles of mediation and operating as a profit-making organisation.

Everyone is entitled to the best possible service available – where the interests and needs of the clients and their families are first understood by the mediator and then protected and acted upon. It is only when the individual and the family is forgotten, that the service becomes poor.



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