

Business plan for the running of a fast food restaurant

For: A Salt and Battery

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### **EXECUTIVE SUMMARY**

A Salt and Battery is a locally owned fast food outlet that will be positioned as an international franchise through our creative approach to the company's image and detail presentation. A Salt and Battery will provide a combination of excellent food at value pricing, with fun packaging and atmosphere. A Salt and Battery is the answer to an increasing demand for snack-type fast food, to be consumed while window shopping and walking around inside a shopping mall and also an answer to the demand of unique fast food to be consumed for exploitation and experience

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one fast food outlet from another. Nigeria, a city state, is now becoming the model metropolis for Africa new economic boom. With more than 7 million visitors yearly, mainly from neighboring countries (Chad, Cameroon, Niger and Benin), Nigeria's retail sector is the strongest in the region.

Our main priority is to establish one outlet in a crowded mall, preferably in one of prominent shopping malls in Lagos. Later, our effort will be a further development of more retail outlets in the surrounding area.

This plan is prepared to obtain a location for the initial launch of this concept. Additional financing will need to be secured for the two subsequent outlets, anticipated in month 13 and early in year three. The financing, in addition to the capital contributions from shareholders, will allow A Salt and Battery to successfully open and expand through year two. The initial capital investment will allow A Salt and Battery to provide its customers with a value-driven, entertaining experience through the creativity of its founders.

A Salt and Battery will entice youngsters to bring their friends and family with our innovative environment, fresh made food, and selection of unique signature drinks.

### 1.1 Objectives

- ❖ To establish a presence as a successful local fast food outlets and gain a market share in Nigeria's fast food industry.
- ❖ To make A Salt and Battery a destination spot for mall-goers.

### 1.2 Mission

Our main goal is to be one of the most successful fast food outlets in Nigeria,, starting with one retail outlet located inside a major shopping mall as a "market tester."

A Salt and Battery will strive to be a premier local fast food brand in the local marketplace. We want our customers to have the total experience when visiting our outlet(s) and website as they will learn about this fascinating new "pop culture." We will sell merchandise from pre-packaged sauces and t-shirts, to potato cutters, all with our official brand attached to themm  
Our main focus will be serving high-quality food at a great value.

### 1.3 Keys to Success

To succeed in this business we must:

- ❖ Create a unique, innovative, entertaining menu that will differentiate us from the rest of the competition in the food industry
- ❖ Control costs at all times, in all areas and implement a conservative approach to growth policy. Although, we provide more than enough fund to open more than one outlet, we want to be on the safe side of the business.
- ❖ Sell the products that are of the highest quality, as well as keeping the customers happy with all of our product categories from food to store merchandising.
- ❖ Provide 100% satisfaction to our customers and maintaining the level of excellent services among other competitors.
- ❖ Encourage the two most important values in fast food business: brand and image, as these two ingredients are a couple of main drivers in marketing communications.
- ❖ Get access to high-traffic shopping malls near the target market.
- ❖ Promote good values of company culture and business philosophy.

## Company Summary

What is A Salt and Battery?

A Salt and Battery sells any snack-type food. Our outlet also provides excellent and friendly customer service to support the ambience of fun, energetic and youthful lifestyle.

### Youthful and fresh surroundings

We will imitate successful establishments, such as KFC and Dominos, which represent the majority of our core target market, between 18 to 35 years of age. Our customers will be able to read our in-house brochures in regards to all knowledge about menu. Our store will

be decorated with fast food setting, such as a bright counter for payment, waiting and dining areas and display menu on the wall and tables at the dining area.

#### Quality food

Each store will offer nothing but freshly made snacks, food, drinks and variety of unique cocktails , all served with old-fashioned home-style care.

#### Open everyday

Our store is open everyday from 10 am to 9 pm.

### **2.1 Company Ownership**

A Salt and Battery is a privately held company. It will be registered as a Limited company, with ownership 80% – Uba Chikaima , 10% - Ukegbu Ada, 10% - Egbeji Jessica.

### **2.2 Start-up Summary**

The retail outlet will be rented at one of the target location shopping malls. Our preference is Ikega City mall, for the main reason of reaching larger traffic.

Startup requirements will be financed through owner investments.

### **2.3 Company Locations and Facilities**

A Salt and Battery locations will range in size from 70 – 90 meter square and will seat from 30-50 guests. Our first location will be on the larger end of this range. The location will feature its own originality in merchandise display and other brand building attributes. We will equip the outlet with modern furniture and aim for cleanliness and an open feeling. .

The space selection will be chosen based upon the following criteria:

- ❖ Community size: minimum of 800,000 people within a radius of 8 kilometers.
- ❖ Tourist destination.
- ❖ Easy access.
- ❖ Large percentage of teenagers in the community.

All of these qualities are consistent with A Salt and Battery's goal of providing a top quality fast food experience. We want "word-of-mouth" to be our best form of marketing, where our customers value our brand as something exciting and cannot wait to tell their friends and neighbors.

A Salt and Battery will directly compete with several fast food joints inside the chosen shopping mall, including Chicken Republic, Tasty fried Chicken, Dodo pizzas and Ovens Fresh.

## **Products**

We want to sell snacks and foods of different kinds. Alcoholic drinks, sodas, smoothies, shakes, ice cream and many more will be sold in our outlet as well.

In promoting the A Salt and Battery lifestyle, we will offer various merchandise with our logo and colors, from hats to t-shirts to towels, so that our customers can enjoy A Salt and Battery at home.

### **3.1 Product Description**

A Salt and Battery will sell different kinds of snacks and food and improve the menu to include intercontinental dishes as we progress. Main products sold are: Food, snacks, drinks and corporate merchandise.

### **3.2 Competitive Comparison**

A Salt and Battery has several advantages over its leading competitors:

We expect a high degree of enthusiasm and offer a fun store with friendly staff, that reflects the company's youthful and energetic culture.

Supporting merchandise items that support the company's brand building.

Our food ingredients are made 100% fresh, compared to most fast food outlets that use frozen ingredients.

Our innovative packaging will be more entertaining than our competitor.

### **3.3 Sales Literature**

A Salt and Battery will use advertising and sales programs to get the word out to customers.

2,000 color brochures to be distributed throughout destination shopping mall and facilities: in-store, cinemas, area eateries, information during the grand opening in November 2020.

Half page magazine reviews in Nigeria's lifestyle magazines that advertise the presence of the outlet.

### **3.4 Sourcing**

Food ingredients will be delivered weekly by our distributor directly from the U.S and all of our merchandise will be printed and produced by our partner's office in China.

### **3.5 Sales Programs**

Each opening of A Salt and Battery will have, more or less, the same marketing mix as the others. Below are the programs that we will develop to open each location.

#### Grand Opening

Each new outlet will have outdoor signage as soon as possible. We want the signage to be supported by banners before the opening.

#### Point of Purchase

We will use "tray toppers" to explain the concept and philosophy of A Salt and Battery. We will also sell gift certificates, announce future job openings, and possibly mention franchise opportunities.

#### Direct Mail Piece

A stand-alone piece, folded, will be produced in full color on heavy weight paper. Inside will be all the important details of A Salt and Battery, explanation of our menu, prices, house of operation and a locator map.

### 3.6 Future Products

For now, we will focus on selling local dishes and snacks. However, as we grow further, we will add new categories to our menu such as continental and intercontinental dishes.

In the future, our growth strategy will be offering the franchise of our brand to food entrepreneurs in the region.

#### Value Meal

Sales of A Salt and Battery will not only generated from the selling of its famous food, but also will be generated by the conception of an innovative package menu called the "value meal." It primarily consists of a combination of some of our food, snacks and drinks at greater value than selling at individual items. Further customization could be done by selling a bigger size of food called "Uber Salties" to attract price sensitive customers.

#### Private Parties

Brochures and handouts will explain that we can handle banquets and private parties, in addition to our brochure that will list our daily entrees.

## Environmental Analysis

We are targeting young Nigerians as our primary market. Ikeja city mall is the place to meet and hang out after school. Due to heavy extra-curricular activities among Nigerian youth, it is common for high schoolers to have lunch inside shopping malls, and not at home. They tend to flock to fast food joints inside Ikeja city mall.

Our secondary market segment is the "Working Nigerians." With so many shopping malls in the vicinity, Ikeja city mall is the haven for shoppers and job seekers alike. In the Ikeja city mall, there are more than 500 workers currently working as sales persons and boutique staff. There are more than 10 major shopping malls in Ikeja city mall, employing more than 50workers.

Lastly, Ikeja city mall is also the destination for tourists staying in the city. Tourists will stroll Ikeja city mall, hunting for the latest trend in fashion and have no time to stop for a full meal during shopping. A Salt and Battery is the alternative for a quick bite while shopping the fancy boutiques in the area.

#### Environmental Analysis

| Potential Customers  | Growth | Year 1     | Year 2     | Year 3     | Year 4     |
|----------------------|--------|------------|------------|------------|------------|
| Young Singaporeans   | 15%    | 5,000,000  | 5,750,000  | 6,612,500  | 7,604,375  |
| Working Singaporeans | 10%    | 3,000,000  | 3,300,000  | 3,630,000  | 3,993,000  |
| Tourists             | 20%    | 3,800,000  | 4,560,000  | 5,472,000  | 6,566,400  |
| Total                | 15.52% | 11,800,000 | 13,610,000 | 15,714,500 | 18,163,775 |

## Market Analysis Summary

Consumer expenditures for fast food in Nigeria rose during the end of the year 2019, followed by the recovery of Nigeria's economy. The increasing number of new establishments such as fast food franchises, fancy restaurants and gourmet bakeries around Nigeria has shown a significant growth in this sector. Food spending is around 56% of total consumer expenditures in Nigeria, and consumer spending on leisure and recreation made up of 13% of total consumer spending.

A much broader appeal exists for weekend slots because those are the days when most of our core target market enjoys the mall going activities.

- ❖ Age - Youngsters, single, currently enrolled in college and high school.
- ❖ Family unit - We will also appeal to families (young families) with children.
- ❖ Gender - We will target both sexes, with a slight skew for males due to their lower attention to dietary concerns.
- ❖ Income - We will appeal to the medium income individuals and to all in the lower medium income bracket.

Our concept will have very broad appeal. It is our goal to be the hip destination for fast food cravings.

According to a recent public survey of people 15 - 45 years old, 80% of those interviewed like fast food. 90% of them like fast food on a regular basis, and 10% of them claimed that they like fast food "very much," or "love" fast food. The survey also provided the following particular reasons for the increasing popularity of fast food:

People have 52 weekends and three long holidays a year. Most of Nigerian love to window shop, and when they do strolling around the shopping district, they need a quick bite to accommodate their activities.

White-collar workers in offices have stopped bring lunch, and enjoy chicken, hamburger, pizza or other fast food joints in the vicinity.

Parents give more money to kids and students to buy lunch. Fast food is naturally their first choice, because of the brand building effort that heavily targets their age group.

Eating out still remains as Nigerian's common habit of life. They do not perceive fast food is a luxury, and they enjoy it by bringing their family, especially if they have smaller kids, in the environment of the western-style fast food outlets.

### 4.1 Target Market Segment Strategy

A Salt and Battery intends to cater to the bulk of teenagers and youngsters in Nigeria. We have chosen this group for several important reasons. It is our goal to be "the extraordinary fast food place" and we believe that the age group from 15 to 25 is the primary age where brand building efforts could take place. They are on limited or fixed incomes and seek a value/price relationship that will not stretch their budgets.

Our secondary target is between the ages of 25 and 37, which are a heavy lounge/restaurant user group. They are more flexible in budgets and seek more than a value/price relationship.

Our lunch strategy is dual purposed. First, we are featuring fresh food and snacks to fill Nigerians craving for fast food as most ideas of lunch is a quick bite not a heavy meal.

Second, we want to keep the price point at lunch as fair as possible to keep us in competition with other fast food outlets. As low as ₦1000 can get you a satisfying snacks, we are only slightly above the segment, but we offer much more excitement than the rest of the competition.

## 4.2 Market Needs

A recent Consumer Trend and Analysis by Euromonitor identified the following needs among our target markets. Our core group:

- ❖ Wants variety and flavor in its food
- ❖ Looks for speed of service
- ❖ Wants an entertaining and fun experience
- ❖ Insists upon a clean, friendly, and attractive environment
- ❖ Adopts a global lifestyle
- ❖ Is computer literate
- ❖ Enjoys eating out
- ❖ Has an active lifestyle
- ❖ Comes from various ethnic backgrounds

## Industry Analysis

Despite the prolonged effects of the Nigeria Economic Crisis, Nigeria's food service industry witnessed growth over 2018/2019 at 4 - 5% in terms of units and transaction. Much of this growth was contributed by the cafes/bars, fast food, and food retail sectors, whose wide appeal amongst a young population, for whom time is of a premium, led to high levels of growth. This growth is underpinned by market demand and lifestyle changes, such as seeing eating out as part of trendy lifestyle.

Entry of major multi-national food service operators into major shopping destination in the late 1990s until the 2000s led to growth in competition in the marketplace, mainly from fast food chains. This stimulated the rise in the number of fast food units, both of international and local chains, that started in the early 1990s. Although there was a slowdown during the economic crisis in 2007, the food service industry recovered faster than others, particularly during 2018 and 2019. Recent bombing tragedies have also proven that negative effects on this sector are moderately short-term.

Franchising became popular in the food service industry through the introduction and entry of multi-national food service brands, primarily U.S.-owned enterprises, such as KFC, Pizza Hut and Dominos. Currently, there are many local chains that have also experienced growth by applying this system to their operations.

### 5.1 Trends in Food Service Retail

According to government surveys, Nigeria's spending on "eating out" is continuing to increase. Spending on cooked food as a percentage of total average food-spend reached 55% in 2018. The growth in spending in the food service sector arises from a number of factors:

- ❖ Increased affluence amongst Nigerians, especially those under the age of 40 years.
- ❖ Increases in the number of expatriate residents, which has more than doubled since 2018.
- ❖ Increased convenience-seeking amongst younger Nigerians who live in a hectic city today compared to the much slower pace of life that existed 20 years ago.

When they want convenient cooked food, Nigerians have long turned to the local hawker stalls, rather than prepared ready-to-cook or ready-to-eat processed convenience foods. As the numbers and variety of food service outlets has increased in Nigeria, locals have adopted the convenient products of other food service outlets, especially the fast food outlets, as alternative sources of convenient cooked food. Younger middle and upper income group families and individuals are also frequent users of the full service restaurants, modern-style coffee shops and cafés that now exist all across Nigeria.

Over the past years, there has been a general upgrading in the food service sector which has seen the establishment of more air conditioned food centers (food courts) that are considerably cleaner than the traditional hawker markets. At the same time, increased investment from foreign and local businesses in the sector has also produced an increase in the numbers of:

- ❖ Foreign chains
- ❖ Modern retail bakery/café outlets
- ❖ Modern coffee shops

## **Competition and Buying Patterns**

The competition in this arena is the fiercest in all other metropolitan areas in Nigeria. Lagos is a compact city, but has a lot to offer. Usually there are a minimum of two of the same outlets within a radius of less than 300 meters. It is quite common for retailers to implement this kind of strategy, due to the high volume of people strolling around Ikeja city mall

Another reason is because many retailers do not want to lose sales opportunity, as the competitors are offering substitutions and similar product categories. This phenomenon has made Lagos the best place to shop.

### **6.1 Main Competitors**

Our main competitors in this segment are any food outlets within the 300 meter radius of Ikeja city mall. In our location are KFC, DOMINOS, DODO PIZZA and TASTY FRIED CHICKEN

### **6.2 Foreign Vs. Local Franchising**

Around 40% of the franchises operating in Nigeria are foreign. Home grown franchises are still in their maturing stages as they start to expand globally. Franchises from the U.S. account for 65% of foreign brands, with big players such as KFC, Dominos etc. Due to high capital investment, Nigeria conglomerates tend to dominate the industry.

Home grown franchises are more often sought more by young entrepreneurs than are their Western counterparts, as they offer greater flexibility and lower franchise fees to operate. Unlike Western license holders, home grown franchises are more efficient in the overall supply chain management as the basic raw ingredients are commonly found anywhere in the region.

## **Sales and Marketing Plan**

At first, we will open one outlet inside the Ikeja city mall. This will become our "market testing area," and as we go further, A Salt and Battery is planning to open another in nearby shopping malls. In attracting customers to try our food we will provide a see-through kitchen, so that people will see how we are committed to freshness in our food

The kitchen will also let out an aroma of our freshly made food and snacks into the surroundings area, so that people will come and try our products.

### **5.1 Competitive Edge**



- ❖ Enthusiastic and friendly staff
- ❖ Supporting merchandise items that support company's brand building.
- ❖ Our food and snacks are made of 100% fresh ingredients , unlike the frozen ingredients used by competitors.
- ❖ Innovative packaging will position us at the same level with foreign fast food franchises.

## 5.2 Marketing Strategy

Our strategy is based on serving our markets well. We will start our first outlet as a "market tester" that could become a model of the expanding number of outlets in the future. Concentration will be on maintaining quality and establishing a strong identity in the local market.

A combination of local media and local store marketing programs will be utilized at each location. Local store marketing is most effective, followed by print ad. As soon as a concentration of stores is established in a market, then broader media will be explored. We believe, however, that the best form of advertising is still "buzz." By providing a fun and energetic environment, with unbeatable quality at an acceptable price in a clean and friendly outlet, we will be the talk of the town. Therefore, the execution of our concept is the most critical element of our plan. We will actively build our brand, through the selling of supporting materials, such as merchandise, promotional items and other marketing gimmicks similar to those of other fast food franchises.

### 5.2.1 Pricing Strategy

Our pricing strategy is positioned as "generic", meaning that ₦1000 is the minimum consumer spending for a snack or light lunch in our outlet. Leveraging the volume of food, snacks and drinks, we are serving the majority of Nigerians.

### 5.2.2 Brand Challenges

A Salt and Battery must establish a distinct brand to stand out from the other Western-style fast food competitors.

### 5.2.3 Marketing Programs

We will deploy three different marketing tactics to increase customer awareness of A Salt and Battery. Our most important tactic will be "word-of-mouth" and in-store marketing. This will be by far the cheapest and most effective of our marketing programs because of the high traffic in targeted shopping locations.

The second tactic will be local store marketing. These will be low-budget plans that will provide community support and awareness of our facility. The last marketing effort will be utilizing local media. Although, this will be the most costly, this tactic will be used sparingly as a supplement where necessary.

#### In-Store Marketing

In-store brochures containing our concept and philosophy.

Wall posters.

Design concept.

Standing signage inside malls' lobby/aisle.

Outdoor signage (if possible).

Grand opening promotion.

Party catering.

Merchandising items.

Local Store Marketing

Brochures and Free occasional t-shirts at local stores events

#### Local Media

Direct mail piece – containing brochures sent to surrounding addresses.

Web page – containing company philosophy, history and news.

Local magazines that target our core customers, such as Free! Magazine.

Newspaper campaign – placing several large ads throughout the month to explain our concept to the local area.

#### **5.2.4 Positioning Statement**

Our main focus in marketing will be to increase customer awareness in the surrounding community. We will direct all of our tactics and programs toward the goal of explaining who we are and what we are all about. We will price our products fairly, keep our standards high, and execute the concept so that “word-of-mouth” will be our main marketing force.

#### **5.3 Sales Strategy**

The sales strategy is to build and open new locations in order to increase revenue. However, this plan will be implemented when the one "market tester" outlet showed potential growth. As each individual location will continue to build its local customer base over the first three years of operation, the goal of each store is ₦6,000,000 in annual sales, with the original flagship store expected to earn almost ₦ 10,000,000 per year.

##### **5.3.1 Sales Forecast**

We anticipate the highest peak on the months of November and December in our sales forecast, due to the holiday seasons. In November, there is Ramadan, and for non-muslim Nigerians, it means vacation time. Approximately 1.5 million People visit Nigeria each year, mostly for shopping and dining. Then in December, we anticipate more tourists coming into Nigeria; this explains the jumped of sales in these last two months of the year.

## **Web Plan Summary**

The website will, of course, show visitors everything about A Salt and Battery food culture. To make the website interactive, A Salt and Battery will offer gift cards and promotions via the Internet, so our visitors can print the promotional coupon in PDF format and bring it when they visit A Salt and Battery. Visitors can also download A Salt and Battery theme song as ring tones, or order our merchandise for delivery.

Besides the traditional formats of customer service hotline and in-store form, customers can now write their comments and suggestions on our website, which will be directed to one of our staff.

So, the website itself will act as the medium between our company and our audience.

In the future, our website will show information on franchising/licensing our brand name.

#### **6.1 Website Marketing Strategy**

We will leverage the visibility of our shopping mall's website by getting them to include a link to ours. We will also post banners on an official Nigeria tourism website.

## 6.2 Development Requirements

To adequately serve our audience, the front end strategy of our website should be parallel with our corporate color. The front end design of our website will be entirely trusted to well know graphics designer. The diversity of founders' background in our company has enabled a cost efficient development in our venture. As Miss Ukegbu Ada and Miss Egbeji Jessica are experts in Information Technology, the back end of our website will be developed by these ladies.

## Organizational plan

### 7.1 Ownership Structure

The initial management team depends on the founders themselves, with little back-up. As we grow, we will take on additional help in certain key areas. Part of our basic philosophy will be able to run our executive management as a "knowledge sharing" fellowship. We will not add additional overhead until absolutely necessary. This will mean that the initial staff support team will have to work extra. By doing this, we will keep our overhead as low as possible, allowing us to adequately staff our outlets. This will also allow us and future business partners to recoup investments as quickly as possible and enjoy a higher return.

At present time, A Salt and Battery is being owned by its 3 founders.

- ❖ Uba Chikaima: 80%
- ❖ Ukegbu Ada: 10%
- ❖ Egbeji Jessica: 10%

Others that have helped on the development of this business venture will be offered an opportunity to grow together with the company at the appropriate time, and when the time comes, the 3 founders' share will be consolidated as one entity.

### 7.2 Management Team

A Salt and Battery is currently the creative idea of its three founders. As the company is small in nature, it only requires a simple organizational structure. Implementation of this organization form calls for all three individuals to make all major management decisions in addition to monitoring all other business activities.

As we expand into multiple locations, each location will have a primary site manager.

### 7.3 Organizational Structure

Future organizational structure will include a director of store operations when the store locations exceed four units. We hope that this individual will come out of the ranks of our stores' management. This will provide a supervisory level between the executive level and the store management level.

### 7.4 External Resources and Services

Mercy's Design Services will be contracted for the interior design of the premises.

Ocean eyes bakery will supply the baked food

Food stuffs and drink will be imported from China and USA

Current plan is to have our accounting and payroll functions done by an in-house bookkeeping. Mr. Okonkwo Elochukwu will be responsible for accounting and business development of A Salt and Battery, helped by Mr. David Jones, acting Head of Human Resources Division. Possible positions might be added at a later date include marketing manager, purchasing manager, controller, human resources, R&D and administrative support team.

### **7.5 Staffing**

Our initial employees will include two cashiers, four cooks which will be hired from a world class catering center and 6 waiters per location, with one of each on the premises during open hours. The part-time employees will be sourced from the local Colleges.

This is considered an ideal personnel number for a food outlet the size of our own. Each employee will work for 38-40 hours per week. Staffs will share all regular duties, including taking orders, making the dishes, clearing tables, restocking, dishwashing, maintaining washroom facilities, etc. To increase employee loyalty, a bonus/profit sharing system will be put in place.

In the long run, as we expand our product category and retail outlets, we will employ more people in the middle management to ensure the focus of our work, including site managers.

## **Operational Plan**

### **DESCRIPTION OF VENTURE**

#### **8.1 Our Product Offerings**

The existing competition uses lower grade food ingredients inexpensive equipment, and does not have properly trained staff — resulting in inconsistent product quality and dissatisfied customers. At Salt and Battery we are passionate about food and intend to focus on consistently serving the highest quality product by:

- Sourcing premium food ingredients and drinks thereby maintaining freshness at all times.
- Using top-of-the line cooking machines and related equipment.
- Providing cooks with professional training.

By focusing on quality, consistency, and great customer service, we will build a steady repeat customer base.

#### **8.2 Facilities**

The premises we have chosen is at Ikeja city mall mall alhausa, Lagos

The space features:

- 2,000 square feet of indoor space in a modern, well-maintained building in an excellent location
- Approximately 500 square feet of outdoor patio space.
- The building owner is responsible for trash collection, pest control, and security

The previous tenant was a restaurant, and there are existing kitchen and washroom facilities already in place.

#### **8.3 Equipments**

The following equipment will be purchased:

- ❖ Gas cooker
- ❖ Grill
- ❖ Espresso machine and grinder
- ❖ Smoothie machine
- ❖ Dish washer
- ❖ Refrigerator
- ❖ Microwave
- ❖ Ice maker

- ❖ Ice cream machine
- ❖ Cash register
- ❖ Sound system
- ❖ Cleaning and other cooking supplies

Maintenance contracts for the equipment will be negotiated with local vendors.

## FINANCIAL PLAN

The company is now privately held by Uba Chikaima Raphael, Ukegbu Ada and, Egbeji Jessica. Future shares will be offered after two consecutive years of operating in Nigeria.

### 9.1 Start-up Funding

Currently, the company is owned by the original 3 founders, who one will contribute 640,000 and two will contribute 80,000 each to give a share of 80%, 10%, 10%. This will more than cover start-up requirements, and provide the business with a cash cushion to use for expansion over the first three years.

#### **START-UP FUNDING**

|                               |                 |
|-------------------------------|-----------------|
| Start-up Expenses to Fund     | ₦68,800         |
| Start-up Assets to Fund.      | ₦50,000         |
| <b>TOTAL FUNDING REQUIRED</b> | <b>₦118,800</b> |

#### **Assets**

|                                 |                 |
|---------------------------------|-----------------|
| Non-cash Assets from Start-up   | ₦30,000         |
| Cash Requirements from Start-up | ₦50,000         |
| Additional Cash Raised          | ₦681,200        |
| Cash Balance on Starting Date   | ₦731,000        |
| <b>TOTAL ASSETS.</b>            | <b>₦761,200</b> |

#### **Liabilities and Capital**

##### **Liabilities**

|   |           |
|---|-----------|
| Current Borrowing                         | ₦0        |
| Long-term Liabilities                     | ₦0        |
| Accounts Payable (Outstanding Bills)      | ₦0        |
| Other Current Liabilities (interest-free. | ₦0        |
| <b>TOTAL LIABILITIES</b>                  | <b>₦0</b> |

##### Capital

|                                       |                 |
|---------------------------------------|-----------------|
| Planned Investment                    |                 |
| Uba Chikaima                          | ₦640,000        |
| Ukegbu Ada.                           | ₦80,000         |
| Egbeji Jessica                        | ₦80,000         |
| Additional Investment Requirement     | ₦0              |
| <b>TOTAL PLANNED INVESTMENT</b>       | <b>₦800,000</b> |
| Loss at Start-up (Start-up Expenses)  | ₦68,800         |
| <br>                                  |                 |
| <b>TOTAL CAPITAL.</b>                 | <b>₦731,200</b> |
| <b>TOTAL CAPITAL AND LIABILITIES.</b> | <b>₦731,200</b> |
| Total Funding                         | ₦800,000        |

#### **Year 1**

|                                |             |
|--------------------------------|-------------|
| Income                         |             |
| Sales of products              | 10,000,000  |
| Sales on return and allowances | - 776,000   |
| Total income                   | = 9,224,000 |

|                       |             |
|-----------------------|-------------|
| Expenses              |             |
| Raw materials         | 600,000     |
| Electricity supply    | 120,000     |
| Maintenance & repairs | 60,000      |
| Industrial gas        | 80,000      |
| Production supplies   | 120,000     |
| Marketing             | 72,000      |
| Internet services     | 108,000     |
| Fuel                  | 240,000     |
| Total expenses        | = 5,452,000 |
| NET INCOME            | = 4,676,000 |

## YEAR 2

|                                |             |
|--------------------------------|-------------|
| Income                         |             |
| Sales of product               | 12,000,000  |
| Sales on return and allowances | -1,000,000  |
|                                | =11,000,000 |
| Expenses                       |             |
| Raw materials                  | 1,000,000   |
| Electricity supply             | 300,000     |
| Maintenance & repairs          | 150,000     |
| Industrial gas                 | 200,000     |
| Production supplies            | 250,000     |
| Marketing                      | 150,000     |
| Internet services              | 200,000     |
| Fuel                           | 300,000     |
| Total expenses                 | = 7,150,000 |
| NET INCOME                     | =3,850,000  |