

NAME: ARICHOKE FEKE DIVINE

MATRIC NO: 18/LAW01/045

COURSE TITLE: ENTREPRENEURSHIP (GST 212)

DEPARTMENT: LAW

ASSIGNMENT TITLE: BUSINESS PLAN

BUSINESS PLAN FOR THE ESTABLISHMENT OF A BAKERY

INTRODUCTION:

Title: Business Plan on the establishment of a Bakery

Name and Address of the Business: Sweet Tooth Bakery and Confectionaries, Lekki phase 1, Lagos Island, Nigeria.

Nature of the Business: Our business is based on two simple principles

- Each pastry made is a piece of happiness given
- There is no price too high for quality goodies

Note: Kindly ensure that the data/ information contained in this report are kept confidentially

EXECUTIVE SUMMARY:

Sweet Tooth Bakery and Confectionaries is a start-up retail establishment located in Lekki phase 1, Lagos Island. STBC expects to catch the interest of a loyal customer base with its broad variety of pastry products. The company plans to build a strong market position in the state.

STBC aims to offer its products at a competitive price to meet the demand of the middle-to higher-income local market area residents and tourists

DESCRIPTION OF THE VENTURE:

Sweet Tooth Bakery and Confectionaries is incorporated in Lagos state. It is equally owned and managed by its two partners.

Mrs. Remi Folkway has extensive experience in sales, marketing and management and was the Vice President of marketing in UAC foods. Mr. Ransom Ubani brings experience in the area of finance and administration, including a stint as chief financial officer in Java Co.

The company intends to hire four full-time bakers and three part-time baristas to handle customer service and day to day operations.

MARKET ANALYSIS:

Target Market Segment Strategy: The dominant target market for STBC is a regular stream of local residents. Personal and expedient customer service at a competitive price is key to maintaining the local market share of this target market.

Market Needs: Because Lagos is naturally a hot state, cold drinks and beverages will be very much in demand. During the three months of harmattan, hot drinks will be sold due to their high demand.

Competition and Buying Patterns: Competition in the local area is somewhat sparse and does not provide nearly the level of product quality and customer service as STBC. Local customers are looking for a high-quality product in a relaxing atmosphere. They desire a unique, classy experience.

COMPANY SUMMARY:

STBC is a bakery and coffee shop managed by two partners. These partners represent sales/management and finance/administration areas, respectively.

The partners will provide funding from their own savings, which will cover start-up expenses and provide a financial cushion for the first months of operation. A bank will cover the rest of the required financing. The company plans to build a strong market position in the town, due to the partners' industry experience and mild competitive climate in the area.

Start-Up Requirements:

Start-Up Expenses	
Legal	500,000
Premise renovation	1,000,000

Expensed equipment	1,300,000
Other	200,000
Total Start-Up Expenses	2,000,000

FINANCIAL PLAN:

STBC expects to raise half of its own capital and borrow the other half from a bank as a ten-year loan. This provides the bulk of the current financing required

Break-even Analysis: STBC’s Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk. STBC should break even by the fifth month of its operation as it steadily increases its sales.

Break-even Analysis:

Monthly Units Break-even	172,500
Monthly Revenue Break-even	380,300
Assumptions	
Average Per-unit Revenue	22,000
Average Per-unit Variable cost	3500
Estimated Monthly fixed cost	323,000

STRATEGY AND IMPLEMENTATION SUMMARY:

STBC will succeed by offering consumers high quality beverages and bakery products with personal service at a competitive price. In developing our business strategy, we will have to perform a SWOT analysis of our business, putting into consideration the- Strengths, Weaknesses, Opportunities and Threats involved in the business.

Market Trends:

When it comes to breads, cakes, and snacks etc., everyone may want to quite agree that the market trend changes with rapid astonishment. This is why we invested time to create a sample bakery marketing plan template. Bakers are seriously researching and creating flavors and varieties that will keep them afloat in the bakery business.

Any baker who wants to remain relevant in the scheme of things in the industry must be willing to explore the ‘bakery world’; he or she must be able to come up with a product that tastes unique from what is readily available in the present market.

In view of the above stated fact, we have hired the best of hands available in Lagos to work with us in becoming a pacesetter when it comes to exploring and producing products with tastes that can meet the demand of the markets that is available to us in the cities where our bakeries are located. Part of the marketing and sales strategies that we will adopt include but not limited to the following;

- Open our bakery with a bang – big party
- Neighborhood, door to door and mouth to ear mode of advertisement to introduce our business
- Engage in road shows (make some open-air noise) to introduce our business
- Create some products in different sizes, with different prices and perhaps a little lower than the prices of similar products in the market
- Start a TV show in line with our business goal and objectives
- Sponsor relevant events, such as bakery competitions and wedding shows on TV.

Our Target Market

We are quite aware that the target market for bakery products cut across people of all walks of life. Since everybody needs food to survive; we are prepared to meet the needs of as much people as we can, within the various locations our bakeries will be located.

It is indeed difficult to create a list of the people we intend selling our bakery products to. because everybody needs what we have to offer except for our trainings and consultancy services. Here are just a few of the people / places that we intend selling our products and services to:

- Families (Homes)

- Schools (boarding house and campus)
- Groceries Stores
- Shopping Malls
- Wedding Ceremonies
- Event Planners
- Sport Centers
- Corporate Organizations
- Aspiring Entrepreneurs (Those who want to learn baking)
- Housewives

Competitive Edge: STBC’s competitive edge is the relatively low level of competition in the local area in this particular niche

Sales Strategy: STBC anticipates sales of about 1.5 million naira in the first year, 2.5 million naira in the second year, and 4 million naira in the third year.

Sales Forecast:

	Year 1	Year 2	Year 3
Drinks and Beverages	500,000	900,000	1,400,000
Pastry Items	1,000,000	1,600,000	2,600,000
Other	0	0	0
Total Unit Sales	1,500,000	2,500,000	4,000,000

MANAGEMENT SUMMARY:

Mrs. Remi Folkway’s extensive experience in sales, marketing and management and Mr. Ransom Ubani has experience in the area of finance and administration.

Personnel plan: As the personnel plan shows, STBC expects to make significant investments in sales, sales support, and product development personnel.

Personnel Plan:

	Year 1	Year 2	Year 3
Managers	200,000	210,000	230,000
Pastry Bakers	240,000	250,000	260,000
Baristas	150,000	160,000	180,000
Total People	9	9	9
Total Payroll	590,000	620,000	670,000

PRODUCTS AND SERVICES

At Sweet Tooth Bakery and Confectionaries, we deal in all forms of baked foods; assorted breads to cakes and snacks et al. We do not intend to restrict our services to only the supply of our products to stores who will eventually retail them, but we intend to open the doors of our bakery in different parts of the country to customers who would prefer fresh hot baked bread direct from the oven.

As part our strategy to create multiple sources of income in line with our core business concept, we will run a consultancy service and a standard government approved bakery school where we intend producing top class bakers. Here are some of our products and services-:

- Flour Bread
- Wheat Breads
- Fruit Bread
- Cupcakes and cookies
- Sandwich
- Scotch egg
- Meat Pie
- Pizza
- Cakes
- Hot Beverages- tea, coffee
- Drinks and Ice Cream
- Consultancy Services
- Training

