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**Create a business plan**

# Executive Summary

Java Culture coffee bar is determined to become a daily necessity for local coffee addicts, a place to dream of as you try to escape the daily stresses of life and just a comfortable place to meet your friends or to read a book, all in one. With the growing demand for high-quality gourmet coffee and great service, Java Culture will capitalize on its proximity to the University of Oregon campus to build a core group of repeat customers. Java Culture will offer its customers the best prepared coffee in the area that will be complimented with pastries, as well as free books that its patrons can read to enjoy their visit.

The company will operate a 2,300 square foot coffee bar within a walking distance from the University of Oregon campus. The owners have secured this location through a three-year lease with an option for extending. The have also provided ₦140,000 of the required ₦170,000 start-up funds. The remaining capital will be obtained through Bank of America commercial loans.

The company is expected to grow sales revenue from ₦584,000 to ₦706,000 in year three. As Java Culture will strive to maintain a 65% gross profit margin and reasonable operating expenses, it will see net profits grow from ₦100,000 to ₦125,000 during the same period.

**OBJECTIVES**

Java Culture's objectives for the first year of operations are:

* Become selected as the "Best New Coffee Bar in the area" by the local restaurant guide.
* Turn in profits from the first month of operations.
* Maintain a 65% gross

**KEY TO SUCCESS**

The keys to success will be:

* Store design that will be both visually attractive to customers, and designed for fast and efficient operations.
* Employee training to insure the best coffee preparation techniques.
* Marketing strategies aimed to build a solid base of loyal customers, as well as maximizing the sales of high margin products, such as espresso drinks.

**MISSION**

Java Culture will make its best effort to create a unique place where customers can socialize with each other in a comfortable and relaxing environment while enjoying the best brewed coffee or espresso and pastries in town. We will be in the business of helping our customers to relieve their daily stresses by providing piece of mind through great ambience, convenient location, friendly customer service, and products of consistently high quality. Java Culture will invest its profits to increase the employee satisfaction while providing stable return to its shareholders.

**COMPANY SUMMARY**

Java culture is a limited liability company, sells coffee; other beverage’s and snacks in its 2,300 square feet premium coffee bar located in lekki, Lagos state.

**COMPANY OWNERSHIP**

Java culture is registered as a limited liability corporation in Lagos state owned be Okpodu Jessica with a 51% profit.

**Start-up Summary**

The start-up expenses include:

• Legal expenses for obtaining licenses and permits as well as the accounting services totaling ₦10,300.

• Marketing promotion expenses for the grand opening of Java Culture in the amount of ₦350,500 and as well as flyer printing (2,000 flyers at ₦0.04 per copy) for the total amount of ₦3,580.

• Consultants fees of ₦30,000 paid to ABC Espresso Services <name changed> for the help with setting up the coffee bar.

• Insurance (general liability, workers' compensation and property casualty) coverage at a total premium of ₦200,400.

• Pre-paid rent expenses for one month at ₦001.76 per square feet in the total amount of ₦400,400.

• Premises remodeling in the amount of ₦100,000.

• Other start-up expenses including stationery (₦50,000) and phone and utility deposits (₦200,500).

The required start-up assets of ₦12,423,200 include:

• Operating capital in the total amount of ₦670,123, which includes employees and owner's salaries of ₦230,900 for the first two months and cash reserves for the first three months of operation (approximately ₦140,400 per month).

• Start-up inventory of ₦160,027, which includes:

o Coffee beans (12 regular brands and five decaffeinated brands) - ₦60,000

o Coffee filters, baked goods, salads, sandwiches, tea, beverages - ₦70,900

o Retail supplies (napkins, coffee bags, cleaning, etc.) - ₦100,840

o Office supplies - ₦80,870

• Equipment for the total amount of ₦590,170:

o Espresso machine - ₦60,000

o Coffee maker - ₦300,000

o Coffee grinder - ₦145,000

o Food service equipment (microwave, toasters, dishwasher, refrigerator, blender, etc.) - ₦480,000

o Storage hardware (bins, utensil rack, shelves, food case) - ₦300,720

o Counter area equipment (counter top, sink, ice machine, etc.) - ₦1,500,000

o Serving area equipment (plates, glasses, flatware) - ₦400,000

o Store equipment (cash register, security, ventilation, signage) - ₦1,300,750

o Office equipment (PC, fax/printer, phone, furniture, file cabinets) - ₦200,600

o Other miscellaneous expenses - ₦500,000

**Products**

Java Culture will offer its customers the best tasting coffee beverages in the area. This will be achieved by using high-quality ingredients and strictly following preparation guidelines. The store layout, menu listings and marketing activities will be focused on maximizing the sales of higher margin espresso drinks. Along with the espresso drinks, brewed coffee and teas, as well as some refreshment beverages, will be sold in the coffee bar. Java Culture will also offer its clients pastries, small salads and sandwiches. For the gourmet clientele that prefers to prepare its coffee at home, Java Culture will also be selling coffee beans.

The menu offerings will be supplemented by free books and magazines that customers can read inside the coffee bar.

**Product Description**

The menu of the Java Culture coffee bar will be built around espresso-based coffee drinks such as lattes, mochas, cappuccinos, etc. Each of the espresso-based drinks will be offered with whole, skimmed, or soy milk. Each of these coffee beverages is based on a 'shot' of espresso, which is prepared in the espresso machine by forcing heated water through ground coffee at high pressure. Such espresso shots are combined with steamed milk and/or other additives like cocoa, caramel, etc., to prepare the espresso-based beverages. Proper preparation techniques are of paramount importance for such drinks. A minor deviation from the amount of coffee in the shot, the size of the coffee particles, the temperature of milk, etc., can negatively affect the quality of the prepared drink.

**Sales Literature**

Two thousand flyers will be distributed in the adjacent neighborhood, on the University campus, at the malls and in the selected office buildings within two weeks prior to the opening of Java Culture. Subsequently, free postcards with Java Culture endorsement will be printed to increase the company visibility among the patrons.

**Market Segmentation**

Java Culture will focus its marketing activities on reaching the University students and faculty, people working in offices located close to the coffee bar and on sophisticated teenagers. Our market research shows that these are the customer groups that are most likely to buy gourmet coffee products. Since gourmet coffee consumption is universal across different income categories and mostly depends on the level of higher education, proximity to the University of Lagos campus will provide access to the targeted customer audience.

The chart and table below outline the total market potential (in number of customers) of gourmet coffee drinkers in Lekki, Lagos state.

Chart: Market Analysis (Pie)



**Market Needs**

General trend toward quality among Nigeria consumers definitely plays an important role in the recent growth in gourmet coffee. Additionally, such factors as desire for small indulgencies, for something more exotic and unique, provide a good selling opportunity for coffee bars.

**Strategy and Implementation Summary**

Java Culture's marketing strategy will be focused at getting new customers, retaining the existing customers, getting customers to spend more and come back more often. Establishing a loyal customer base is of a paramount importance since such customer core will not only generate most of the sales but also will provide favorable referrals.

**Competitive Edge**

Java Culture will position itself as unique coffee bar where its patrons can not only enjoy a cup of perfectly brewed coffee but also spend their time in an ambient environment. Comfortable sofas and chairs, dimmed light and quiet relaxing music will help the customers to relax from the daily stresses and will differentiate Java Culture from incumbent competitors.

**Sales Strategy**

Java Culture baristas will handle the sales transactions. To speed up the customer service, at least two employees will be servicing clients--while one employee will be preparing the customer's order, the other one will be taking care of the sales transaction. All sales data logged on the computerized point-of-sale terminal will be later analyzed for marketing purposes.

In order to build up its client base, Java Culture will use banners and fliers, utilize customer referrals and cross-promotions with other businesses in the community. At the same time, customer retention programs will be used to make sure the customers are coming back and spending more at the coffee bar.

**Sales Forecast**

Food costs are assumed at 25% for coffee beverages and 50% for retail beans and pastries. Proximity to the University campus will dictate certain sales seasonality with revenues slightly decreasing during the school vacation periods.

**PROFIT AND LOSS**

At the end of the year about ₦150,000 should be lost and bout 85% which is ₦50,000,000 should be earned.