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Dianna's

Coffee, cupcakes & pastries

Bakery



BUSINESS PLAN OUTLINE

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1.0 Executive Summary

Introduction

Dianne's sweet tooth, cupcakes and pastries Bakery is a start-up coffee and bakery retail establishment located in Kubua, Abuja. Dianne's Bakery expects to catch the interest of a regular loyal customer base with its broad variety of coffee and pastry products. 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.

Dianne's Bakery 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.

The Company

Dianne's Bakery is incorporated in the capital of Abuja. It is equally owned and managed by Miss Jane-Francis Chiemerie Iwuh.

Miss Jane-Francis has extensive experience in sales, marketing, and management, and was vice president of marketing with both Jansonne & Jansonne and Burper Foods. Miss Jane-Francis brings experience in the area of finance and administration, including a stint as chief financial officer with both Flaxfield Roasters and the national coffee store chain, BuzzCups.

The company intends to hire two full-time pastry bakers and six part-time baristas to handle customer service and day to day operations.

Products and Services

Dianne's Bakery offers a broad range of coffee and espresso products, all from high quality Columbian grown imported coffee beans. Dianne's Bakery caters to all of its customers by providing each customer coffee and espresso products made to suit the customer, down to the smallest detail.

The bakery provides freshly prepared bakery and pastry products at all times during business operations. Six to eight moderate batches of bakery and pastry products are prepared during the day to assure fresh baked goods are always available.

The Market

The retail coffee industry in Abuja has recently experienced rapid growth. The cool marine climate in Kubua stimulates consumption of hot beverages throughout the year.

Dianne's Bakery wants to establish a large regular customer base, and will therefore concentrate its business and marketing on local residents, which will be the dominant target market. This will establish a healthy, consistent revenue base to ensure stability of the business. In addition, tourist traffic is expected to comprise approximately 35% of the revenues. High visibility and competitive products and service are critical to capture this segment of the market.

Financial Considerations

Dianne's Bakery expects to raise N1,500,000 of its own capital, and to borrow N500,000 guaranteed by the CBN as a ten-year loan. This provides the bulk of the current financing required.

Dianne's Bakery anticipates sales of about N650,000 in the first year, N870,000 in the second year, and N1,000,000 in the third year of the plan. Dianne's Bakery should break even by the fourth month of its operation as it steadily increases its sales. Profits for this time period are

expected to be approximately N300,000 in year 1, N400,000 by year 2, and N500,000 by year 3. The company does not anticipate any cash flow problems.

1.1 Mission

Dianne's Bakery aims to offer high quality coffee, espresso, and pastry products at a competitive price to meet the demand of the middle- to higher-income local market area residents and tourists.

1.2 Keys to Success

Keys to success for Dianne's Bakery will include:

- Providing the highest quality product with personal customer service.
- Competitive pricing.

2.0 Company Summary

Dianne's Bakery is a bakery and coffee shop managed by a sole proprietor. She represents sales/management and finance/administration areas, respectively. She will provide funding from her own savings, which will cover start-up expenses and provide a financial cushion for the first months of operation. A ten-year Small Business Administration (SBA) loan 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.

2.1 Company Ownership

Dianne's Bakery is incorporated in Kubua Abuja. It is equally owned by Miss Jane-Frances Iwuh.

2.2 Start-up Summary

Dianne's Bakery is a start-up company. Financing will come from the owner's capital and a ten-year SBA loan. The following chart and table illustrate the company's projected initial start-up costs.

START-UP REQUIREMENTS	
Start-up Expenses	
Legal	N3,000
Premise renovation	N20,000
Expensed equipment	N40,000
Other	N1,000
TOTAL START-UP EXPENSES	N64,000
Start-up Assets	
Cash Required	N70,000
Other Current Assets	N12,000
Long-term Assets	N65,000
TOTAL ASSETS	N147,000
Total Requirements	N211,000

START-UP FUNDING	
Start-up Expenses to Fund	N64,000
Start-up Assets to Fund	N147,000
TOTAL FUNDING REQUIRED	N211,000
Assets	
Non-cash Assets from Start-up	N77,000
Cash Requirements from Start-up	N70,000
Additional Cash Raised	N0
Cash Balance on Starting Date	N70,000
TOTAL ASSETS	N147,000
Liabilities and Capital	
Liabilities	
Current Borrowing	N0
Long-term Liabilities	N100,000
Accounts Payable (Outstanding Bills)	N1,000
Other Current Liabilities (interest-free)	N0
TOTAL LIABILITIES	N101,000
Capital	
Planned Investment	
Mr Emmanuel	N55,000

Fields	N55,000
Other	N0
Additional Investment Requirement	N0
TOTAL PLANNED INVESTMENT	N110,000
Loss at Start-up (Start-up Expenses)	(N64,000)
TOTAL CAPITAL	N46,000
TOTAL CAPITAL AND LIABILITIES	N147,000
Total Funding	N211,000

3.0 Products

Dianne's Bakery offers a broad range of coffee and espresso products, all from high quality Columbian grown imported coffee beans. Dianne's Bakery caters to all of its customers by providing each customer coffee and espresso products made to suit the customer, down to the smallest detail.

The bakery provides freshly prepared bakery and pastry products at all times during business operations. Six to eight moderate batches of bakery and pastry products are prepared during the day to assure fresh baked goods are always available.

4.0Market Analysis Summary

Dianne's Bakery's focus is on meeting the demand of a regular local resident customer base, as well as a significant level of tourist traffic from nearby highways.

4.1 Market Segmentation

Dianne's Bakery focuses on the middle- and upper-income markets. These market segments consume the majority of coffee and espresso products.

Local Residents

Dianne's Bakery wants to establish a large regular customer base. This will establish a healthy, consistent revenue base to ensure stability of the business.

Tourists

Tourist traffic comprises approximately 35% of the revenues. High visibility and competitive products and service are critical to capture this segment of the market.

4.1 Target Market Segment Strategy

The dominant target market for Dianne's Bakery 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.

4.1.1 Market Needs

Because Kubua has a cool climate for eight months out of the year, hot coffee products are very much in demand. During the remaining warmer four months of the year, iced coffee products are in significantly high demand, along with a slower but consistent demand for hot coffee products. Much of the day's activity occurs in the morning hours before ten a.m., with a relatively steady flow for the remainder of the day.

4.2 Service Business Analysis

The retail coffee industry in the U.S. has recently experienced rapid growth. The cool marine climate in southwest Washington stimulates consumption of hot beverages throughout the year. Coffee drinkers in the Northwest region are finicky about the quality of beverages offered at the

numerous coffee bars across the region. Despite low competition in the immediate area, Dianne's Bakery will position itself as a place where customers can enjoy a cup of delicious coffee with a fresh pastry in a relaxing environment.

4.3.1 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 Dianne's Bakery. Local customers are looking for a high quality product in a relaxing atmosphere. They desire a unique, classy experience.

Leading competitors purchase and roast high quality, whole-bean coffees and, along with Italian-style espresso beverages, cold-blended beverages, a variety of pastries and confections, coffee-related accessories and equipment, and a line of premium teas, sell these items primarily through company-operated retail stores. In addition to sales through company-operated retail stores, leading competitors sell coffee and tea products through other channels of distribution (specialty operations).

Larger chains vary their product mix depending upon the size of each store and its location. Larger stores carry a broad selection of whole bean coffees in various sizes and types of packaging, as well as an assortment of coffee- and espresso-making equipment and accessories such as coffee grinders, coffee makers, espresso machines, coffee filters, storage containers, travel tumblers and mugs. Smaller stores and kiosks typically sell a full line of coffee beverages, a more limited selection of whole-bean coffees, and a few accessories such as travel tumblers and logo mugs. During fiscal year 2000, industry retail sales mix by product type was approximately 73% beverages, 14% food items, eight percent whole-bean coffees, and five percent coffee-making equipment and accessories.

Technologically savvy competitors make fresh coffee and coffee-related products conveniently available via mail order and online. Additionally, mail order catalogs offering coffees, certain food items, and select coffee-making equipment and accessories, have been made available by a few larger competitors. Websites offering online stores that allow customers to browse for and purchase coffee, gifts, and other items via the Internet have become more commonplace as well.

5.0 Strategy and Implementation Summary

Dianne's Bakery will succeed by offering consumers high quality coffee, espresso, and bakery products with personal service at a competitive price.

5.1 Competitive Edge

Dianne's Bakery's competitive edge is the relatively low level of competition in the local area in this particular niche.

5.2 Sales Strategy

As the chart and table show, Dianne's Bakery anticipates sales of about N491,000 in the first year, \$567,000 in the second year, and N655,000 in the third year of the plan.

SALES FORECAST

	YEAR 1	YEAR 2	YEAR 3
Unit Sales			
Espresso Drinks	135,000	148,500	163,350
Pastry Items	86,000	94,600	104,060
Other	0	0	0
TOTAL UNIT SALES.	221,000	243,100.	267,410

Unit Prices	Year 1	Year 2	Year 3
Espresso Drinks	3.00	3.15	3.31
Pastry Items	1.00	1.05	1.10

Sales

Espresso Drinks	N405,000	N467,775	N540,280
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Pastry Items	N86,000.	N99,330	N114,726
Other	N0	N0	N0
TOTAL SALES (N)	N491,000	N567,105	N655,006
Direct Unit Costs(N)	Year 1	Year 2	Year 3
Espresso Drinks	0.25	0.26	0.28
Pastry Items	0.50	0.53	0.55
Other	0.00	0.00	0.00
Direct Cost of Sales			
Espresso Drinks	33,750	38,981	45,023
Pastry Items	43,000	49,665	57,363
Other	0.	0	0
Subtotal Direct Cost of Sales	76,750.	88,646	102,386

6.0 Management Summary

Miss Jane-Francis Iwuh has extensive experience in sales, marketing, and management, and was vice president of marketing with both Jansonne & Jansonne and Burper Foods. David Fields brings experience in the area of finance and administration, including a stint as chief financial officer with both Flaxfield Roasters and the national coffee store chain, BuzzCups.