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DEPARTMENT: PHARMACOLOGY

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**QUESTION**

Using a company or business of your choice, write a good and customised business plan, covering all relevant aspects and analyses.

**ANSWER**

BUSINESS PLAN FOR COFFEE

Business Plan

Jennifer's Coffee House

May 21st, 2020

3rd Avenue

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SECTION 1: EXECUTIVE SUMMARY

Jennifer's Coffee House will be the go-to place for coffee lovers. We plan on serving the highest quality coffee and snacks in a trendy, comfortable atmosphere. Our convenient location and excellent customer service should build a steady repeat customer base.

Owners Jennifer and partner jane mark each have more than a decade in the food service industry, including management experience.

Our main products will be higher margin gourmet coffee products such as espressos, cappuccinos, lattés, and a variety of snacks, including healthy alternatives.

Strategically located within easy walking

distance from the technical school, nursing colleges, and a variety of office complexes, we intend to cater to students and young office workers by providing plenty of seating space and superior customer service with a trendy vibe.

In the immediate area, our competition consists mainly of fast food vendors such as ColdStone and Drumstick. We plan on capturing the upper end of the local coffee market by serving gourmet, nonmachine-made coffee products at reasonable prices. Along with our superior atmosphere and great customer service, we intend to target sophisticated coffee consumers.

The location we have selected has 2,000 square feet of space, room for an outdoor patio, and requires minimal renovations. The space has been vacant for several months and the owner is motivated and has offered a four-year lease with a fifth year free.

We expect sales revenue to grow from N200,000 in the first year of operations to N250,000 by the end of the third year. To minimize operating expenses, both of the principals will be onsite on a full-time basis to reduce staffing costs, supervise, and maintain quality control. We expect net profits to grow from N50,000 to N100,000 by year three.

N200,000 in startup funding is required for lease costs, renovations, equipment, and furniture. The principals have N100,000 in cash and will obtain the rest from commercial lenders.

SECTION 2: BUSINESS/INDUSTRY OVERVIEW

**Our Position in the Industry**

3rd Avenue is an affluent area with a high density of students and young professionals, an ideal market for a coffee shop such as Jennifer's Coffee House. People in this area can afford to spend money on specialty coffees and snacks and are willing to do so.

Our market research has shown that seven out of 10 people polled in 3rd Avenue consume at least three cups of specialty coffee per week.

**The Competition**

While there currently are two other coffee shops within the immediate area, neither offer patio seating or substantial parking. One does not offer free and sufficient wifi.

**What Makes Jennifer's Coffee House Unique**

Jennifer's Coffee House marketing strategy is to cater to both young , old and young at heart with top quality products, great service, and plenty of seating indoors and out. We aim to be the place to meet with friends, relax, and enjoy a great cup of coffee. Ultrafast wifi will enable students and business people to readily communicate and work on school or business activities.

**Section 3: Market Analysis and the Competition**

Given the proximity to schools and office complexes, our primary target market will be students and professional business people. Both groups are heavy consumers of coffee, tea, and snacks.

Based on our customer surveys, there is a strong demand for a high-end coffee shop in a central location that serves great coffee and has both outdoor seating and available parking. The three most common complaints about the existing competition in the area are:

* Inconsistent product: Discerning customers are reluctant to become regular patrons of a coffee shop that cannot consistently serve a high-quality product.
* Lack of patio seating: Many people prefer to consume their food and beverages outdoors on a sunny day.
* Lack of parking: The lack of parking makes it difficult to attract vehicle commuters.

The local customer base consists of approximately:

Compared to our compeition, we expect our revenues to grow strongly as we build our customer base:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Coffee to Go | Coffee house | Jennifer's coffee (year 1) |
| Est. Annual Revenue | N150,000 | N250,000 | N200,000 |
| Employees | 8 | 10 | 6 |
| Price | Low | High | High |
| Quality | Low | Average | High |

SECTION 4: SALES AND MARKETING PLAN

**Our Product Offerings**

At Jennifer's coffee we are passionate about coffee and intend to focus on consistently serving the highest quality product by:

* Sourcing premium beans and snacks and maintaining freshness at all times.
* Using a top-of-the line espresso machine and related equipment.
* Providing baristas with professional training.
* By focusing on quality, consistency, and great customer service, we will build a steady repeat customer base.

**Pricing Strategy**

We intend to focus on specialty coffees including espresso, cappuccinos, mochas, etc. as the profit margins are much higher than regular coffee.

Our pricing will be competitive with the higher end of the market. We believe that customers will be happy to pay top prices for a great cup of coffee.

**Sales**

We will be offering counter service in a professionally designed, cozy, inviting interior space. Interior seating will be a mix of smaller individual tables for intimacy, and longer, bench-style ones for larger groups. Exterior seating will consist of weatherproof tables and chairs with available sunshade umbrellas. We intend to be open from 6:30 a.m.-9 p.m. on weekdays, and 7 a.m.-9 p.m. on weekends.

In addition to cash, credit, and debit, we also will be accepting Apple Pay for purchases.

**Advertising and Promotion**

To minimize costs and connect with our customer demographic, most of our advertising will be of the digital variety. We intend to aggressively promote our products using the following methods:

* Posters on the local campus billboards
* Our state-of-the-art website
* Daily specials announced on Facebook, Instagram, and Twitter

Statistics demonstrate that loyalty cards are highly effective, and Jennifer's will use a custom-designed rewards card to promote repeat business.

**Section 5: Ownership and Management Plan**

**Management**

Owners jennifer and Jane will co-manage the business, and at least one will be present at all times during open hours. Both owners have previous food service management experience and are trained and experienced baristas.

**External Resources and Services**

* Sean's Design Services will be contracted for the interior design of the premises.
* Jackson and Mike will provide accounting services for the business.
* Emily's Catering will supply the baked goods.

SECTION 6: OPERATING PLAN

**Facilities**

The premises we have chosen are at 21 3rd Avenue st. 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, with lockup racks for bicycles
* The building owner is responsible for trash collection, recycling, pest control, and security
* Utilities (water, electricity, gas, internet, phone) are estimated to be $800 per month

The previous tenant was a restaurant, and there are existing kitchen and washroom facilities already in place. The previous tenant has offered to sell used kitchen equipment at heavily discounted prices.

**Staffing**

Two full-time and four to six part-time baristas will be hired at industry standard wages. Baristas will be trained at a regional barista training academy. The two full-time employees are previous employees of the owners. The part-time employees will be sourced from the local post-secondary institutions.

Owners and staff will share all regular duties, including taking orders, making coffee/tea, clearing tables, restocking, dishwashing, maintaining washroom facilities, etc.

**Equipment**

The following equipment will be purchased:

* Commercial grade La Marzocco Espresso machine (N50,000)
* Espresso grinder (10,000)

We currently are negotiating the purchase of used commercial equipment from the previous tenant, including:

* Glassdoor fridge (N150,000)
* Dishwasher (N150,00)
* Microwave (N70,000)
* Misc. shelving, storage bins, etc. ($500)

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

**Supplies**

We have negotiated an agreement with Murphy's Coffee Wholesalers to supply premium gourmet Columbian coffee/espresso beans with two-day shipping. Milk, juices, soft drinks, fruit, etc. will be sourced from the local Costco.

Muffins, scones, cookies, yogurt fruit cups, and sandwiches will be supplied on a daily basis by Jody's Catering.

SECTION 7: FINANCIAL PLAN

* **Income Statements**
* **Cash Flow Projections**
* **Balance Sheet**
* **Breakeven Analysis**

SECTION 8: APPENDICES AND EXHIBITS

This is the link to our coffee shop: [http://lavidjennifer'scoffee.com](about:blank)

We do hope to satisfy you and bring you the best coffee and a place where you can relax while reminiscing the good nature.