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**BUSINESS PLAN FOR A RESTAURANT IN IKEJA-LAGOS, NIGERIA**

**Executive summary**

Zara café and lounge is a locally owned fast food restaurant that will be positioned as an international franchise through our creative approach to the company's image and detail presentation. Zara café and lounge will provide a combination of excellent food at value pricing, with fun packaging and atmosphere. Zara café and lounge 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.

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one fast food outlet from another. Lagos, a city state, is now becoming the model metropolis for Nigeria's new economic boom. With more than 11 million visitors yearly, mainly from neighboring countries, Lagos’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 3 years. The financing, in addition to the capital contributions from shareholders, will allow Zara café and lounge to successfully open and expand through year two. The initial capital investment will allow Zara café and lounge to provide its customers with a value-driven, entertaining experience through the creativity of its founders. Zara café and lounge will entice youngsters to bring their friends and families with our innovative environment and exquisite menu.

**Introduction**

Zara café and lounge is the name of the restaurant, established to provide and serve food and snacks to be consumed by shoppers in the mall. It is located at Ikeja city mall Obafemi Awolowo Road Secretariat Road ikeja, Lagos.

Zara café and lounge sells

* Steaks: T-bone steaks, cheesy steaks
* ribs, chicken and seafood: marinated pork ribs, grilled barbecue chicken, buffalo wings, lamb and pork chops, prawns and shrimps.
* Burgers, fries with dipping sauce: Cheese burgers, cheese and bacon burgers, Mexican burgers, old school burgers, toasted sandwiches. All burgers come with fries and dipping sauce.
* Delicious desserts: Cheesecake, chocolate cake, waffles and icecream with syrup, ice cream sundaes, chocolate brownies.
* Wines, cocktails, mocktails, hot beverages.

**Industry Analysis**

Lagos’s food service industry witnessed growth over 2000/2001 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.

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

## **Financial Plan**

The company is now privately held by Harry Victor, Tisan Carl, Tomiwa John, and Samuel Wilson. Future shares will be offered after two consecutive years of operating in Lagos.

### **Start-up Funding**

Currently, the company is owned by the original 4 founders, who each will contribute N2,000,000 for the same amount of share, 25%. 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 Summary**: The retail outlet will be rented at one of the target location shopping malls. Our preference is Space A, for the main reason of reaching larger traffic. Startup requirements will be financed through owner investments.

**Startup requirements**

|  |  |
| --- | --- |
| Startup expenses | Costs in Naira |
| Kitchen and fixtures | N1,000,000.00 |
| Furniture and interior | N900,000.00 |
| Legal | N100,000.00 |
| Insurance | N900,000.00 |
| Rent | N1,000,000.00 |
| Packaging and stationery | N500,000.00 |
| Employees salaries (cook, waiters/waitresses, cleaners, etc) | N1,000,000.00 |
| Contingencies | N900,000.00 |
| Start-up assests | N1,500,000.00 |
|  | Total = N7,800,000.00 |

**Operational Plan**

Zara café and lounge will be open every day of the week( Monday – Sunday) and will be open from 8am till 10pm each day.

**Market Analysis**

Consumer expenditures for fast food in Lagos rose during the end of the year 2000, 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 Lagos has shown a significant growth in this sector. Food spending is around 56% of total consumer expenditures in Lagos, 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 a lot of weekends and holidays a year. Most of Lagosians 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 bringing 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 Lagosians 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.

Zara café and lounge intends to cater to the bulk of teenagers and youngsters in Lagos. 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.

**Competition Analysis**

The competition in this arena is the fiercest in all other metropolitan areas in ikeja. 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. Our main competitors in this segment are any food outlets within the 300 meter radius in the mall. In our location, there are Pizza hut, Spur restaurant, The place restaurant and KFC. Our competitive edge over them are:

* Our unique dipping sauces blend local taste and international into one fusion recipe for the signature sauce.
* Enthusiastic and friendly staff
* Supporting merchandise items that support company's brand building.
* Our fries are made of 100% fresh potatoes, unlike the frozen fries used by competitors. And our other foods are made from fresh farm products.
* Innovative packaging will position us at the same level with foreign fast food franchises.
* Our logo is distinct as fresh, energetic and playful with color elements that are eye catching.
* Product names are geared toward the target market (teens), which are fun and easy to remember.
* We plan on creating an interactive website for customers to get promotional coupons and to order our services easily.

**Pricing Strategy**

Our pricing strategy is positioned as "generic", meaning that N1,500 is the average consumer spending for a snack or light lunch in Lagos. Giving Zara café and lounge a leverage over other restaurants around and increasing our sales per day compared to our competitions.

**Marketing Programs**

We will deploy three different marketing tactics to increase customer awareness of Zara café and lounge. Our most important tactic will be "word-of-mouth" and in-store marketing (such as In-store brochures containing our concept and philosophy, wall posters and design concepts). 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 (such as brochures, Free occasional t-shirts at local stores events). 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 (such as Web page – containing company philosophy, history and news, Newspaper campaign – placing several large ads throughout the month to explain our concept to the local area, and , Local magazines that target our core customers, such as Free! Magazine). Although, this will be the most costly, this tactic will be used sparingly as a supplement where necessary.

### **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, it means vacation time. Approximately 1.5 million tourists visit Lagos each year, mostly for shopping and dining. Then in December, we anticipate more tourists coming into Lagos; this explains the jumped of sales in these last two months of the year.

### **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.

Current plan is to have our accounting and payroll functions done by an in-house bookkeeping. Mr. David John will be responsible for accounting and business development of Zara café and lounge, helped by Mr. Harry Victor, 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.

**Personnel Plan**

Our initial employees will include two cashiers, two cooks and two bus boys per location, with one of each on the premises during open hours. 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. 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.

|  |  |  |  |
| --- | --- | --- | --- |
| Employee | Year 1 | Year 2 | Year 3 |
| Site managers | N 0 | N200,000.00 | N300,000.00 |
| Accountant | N200,000.00 | N300,000.00 | N350,000.00 |
| Cashiers | N60,000.00 | N70,000.00 | N75,000.00 |
| Cook | N100,000.00 | N150,000.00 | N200,000.00 |
| Waiter/ waitress | N50,000.00 | N60,000.00 | N70,000.00 |
| Cleaners | N30,000.00 | N40,000.00 | N45,000.00 |
| Total people | 12 | 26 | 40 |
|  | N240,000.00 | N520,000.00 | N690,000.00 |

**Assessment Of Risks and Problems**

In our research efforts, some of the noticed potential risks are:

* **Fire Safety:** Due to cooking and baking at high temperatures and using ingredients that are flammable such as oil, practically any restaurant is at a high risk of fire — much higher than most other businesses. Protect your business, employees and customers by practicing fire safety. This includes having fire extinguishers in the restaurant and knowing how to use them, keeping flammable materials and ingredients away from flames, and not having more guests or tables than your local fire codes allow.
* **Food Storage:** The last risk to prepare for is related to how you store and stock your food. If you aren’t educated on how to store the food, you may not know if food is spoiled and it might get served to customers. This could means a loss in reputation and business income. Create proper food storage areas that are labeled clearly, educate employees on how to store and stack foods, make sure the refrigerated temperatures of foods are listed on all refrigerators and freezers, and go through your food often to avoid keeping spoiled food on your shelves or in your commercial refrigerator.
* **Cleanliness**: As mentioned previously, the cleanliness of your restaurant is vital for a number of reasons. By having a clean restaurant, you can avoid a number of types of accidents, including employees or customers falling on spills or getting injured from misplaced items throughout your business premises. Housekeeping and cleaning your restaurant is something not to take for granted and should involve the know-how and commitment of all of your employees. Your restaurant will also receive health inspections, so it’s critical that your restaurant is clean both in the kitchen and where the patrons dine.
* **Food Safety: On**e of the biggest risks to be aware of — and prepare for — are food safety concerns. You and your employees should not only be aware of proper food storing, but should avoid serving spoiled food, recognize spoiled food so it is thrown out and not served, and keep close track of the temperatures at which your food is stored.