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QUESTION

Think of any business you would like to establish and write a business plan on such.

Catering and Ballroom Rental Business Plan

Executive Summary

Sumptuous Cuisine Catering is a local catering company serving both business and private clients in Doeuvreville and the surrounding towns within a ten mile radius. Established in 2005, the business has operated a catering kitchen and specialized in full-service catering and event planning for upscale events in the region. The business event management, event staff, a variety of cuisine for breakfasts, lunches, dinners, and appetizers, alcoholic and non-alcoholic beverage service, floral design, space design and decor, musicians and DJs, event equipment and furniture rentals, and other event services. Sumptuous Cuisine Catering seeks to expand its operations to a dedicated venue, called The Sumptuous Ballroom, located in Doeuvreville, with a mortgage on the space, its own cash reserves and the issuing of a convertible debt to angel investors.

The addition of The Sumptuous Ballroom to the services provided by Sumptuous Cuisine Catering will enable gross margins to rise above their previous levels and industry averages as rentals of space provide high gross margins. Both existing and new clients will be interested in using this space, and in the additional services Sumptuous Cuisine Catering provides. Top line sales will grow from their current level in 2009 to more than double in 2012. Net profits will rise three-fold from 2010 to 2012 after this acquisition, even with the expected increases in operating expenses. Sumptuous Cuisine Catering will seek to utilize the space on at least 40% of days by the end of year 3 to achieve these results.

Objectives

Sumptuous Cuisine Catering has set the following objectives for the first three years of the launch of its ballroom:

• Renovate and upgrade the interior of the ballroom

• Hire and retain a facilities manager to run the logistics of the new space

• Produce a positive return on investment for the ballroom acquisition by the end of the second year

• Utilize the ballroom on 40% of days by the end of the third year

Mission

Sumptuous Cuisine Catering offers top-class event experiences with flawless execution to business and private clients in the Doeuvreville area. With Sumptuous Cuisine Catering running your event, the food will be delicious, the service will be excellent and the guests will be wowed.

Keys to Success

Keys to success in the catering and event business include:

• Managing and exceeding client expectations

• Balancing expert opinions and advice with care for the client's preferences and vision

• Exhibiting a sense of professional showmanship on the day of the event - the show must go on

• Protecting the client's interests and liability even when it requires unpopular decisions

Sumptuous Cuisine Catering keeps these keys in mind through all events they have managed and catered in the past and will renew their efforts as they open their own catering venue.

Products and Services

Sumptuous Cuisine Catering currently offers the following products and services:

• Event management

• Coat-check, door check, and restroom attendants

• A variety of cuisine for breakfasts, lunches, dinners, and appetizers

• Non-alcoholic, wine, beer, and liquor beverage service

• Wait service

Through subcontractors, Sumptuous Cuisine Catering offers:

• Floral design

• Space design and decor

• Musicians and DJs

• Event equipment and furniture rentals

• Cakes

Through referrals, Sumptuous Cuisine Catering offers:

• Lighting

• Audio-visual rentals and support

• Event security

• Valet service

Future plans include the following additions with the opening of The Sumptuous Ballroom:

• Ballroom rentals for half-day or full-day timespans

• Space rental with a per-head full-service catering fee or as a fee separate from catering and beverage

• Facility management service

Strategy and Implementation Summary

Sumptuous Cuisine Catering intends to open The Sumptuous Ballroom, an event venue in Doeuvreville. The ballroom will be purchased from the previous owner, the city of Doeuvreville, which used the space as a community center until it was abandoned one year ago. After renovations, the ballroom will create synergy with Sumptuous Cuisine Catering's business by offering a location to bring in current and future clients who will also utilize both the catering and event planning services of Sumptuous Cuisine Catering.

Sumptuous Cuisine Catering will:

• Target high net-worth private clients and corporate clients

• Take on dedicated facility management and salespeople for The Sumptuous Ballroom

• Use a combination of existing and new marketing tactics to promote the space

Competitive Edge

Sumptuous Cuisine Catering will create a competitive edge in Doeuvreville by becoming a true "one-stop-shop" for all-inclusive events with the purchase of The Sumptuous Ballroom. Clients will not have to work with multiple vendors, but can work directly with their assigned Sumptuous Cuisine Catering account executive for all of their event planning and vendor coordination needs.

Currently, competitors in the Doeuvreville area do not offer the same combination of upscale catering, track record, flexibility of cuisine, and a beautiful venue which Sumptuous Cuisine Catering will be able to offer.

Marketing Strategy

Sumptuous Cuisine Catering will focus its marketing for their new ballroom on the corporate and private upscale event markets. The business will use the following media and tactics to reach this audience:

• Advertise in Doeuvreville Magazine, a local luxury-focused magazine with half-page color ads showing a photo of the new space

• Develop a website for The Sumptuous Ballroom which is separate from, but linked to, the Sumptuous Cuisine Catering site

• Promote the website through search engine optimization and search engine marketing around event and rental keywords for the local area

• Revise the Sumptuous Cuisine Catering brochure to include the new ballroom in a featured location

• Email campaign of an e-brochure announcing the new space to all past and current clients

• Create and send press kit with information and details on the new space to key clients and press

• Create a featured listing on BizBash.com, a website devoted to event resources and venues focused at the corporate market

• Promote introductory spring and summer rates to encourage early rentals (the normal rate of $2,500 will be discounted to $2,000 during this period)

• Promote the space at local summer business fair

• Sponsor 4 non-profit events per year, all chosen for the exposure they receive to the press and to high net worth individuals

Sales Strategy

Traditionally, the sales strategy of Sumptuous Cuisine Catering has been spearheaded by Rudy Electrum and two staff account managers who each handle a portfolio of clients. Rudy focuses on new business development and relies on the account managers to service, retain clients, and develop their business by encouraging them to use Sumptuous Cuisine Catering for more events.

This sales strategy will continue with the opening of The Sumptuous Ballroom. Rentals at the ballroom will be promoted by all staff when they work with clients. An additional salesperson will field inquiries made directly about The Sumptuous Ballroom rentals to handle the additional volume of work required to increase the utilization of this space. Salespeople will be added for The Sumptuous Ballroom over the first three years of its operations as business grows. These salespeople will have the same training and knowledge of all of Sumptuous Cuisine Catering's services, but will work only with clients interested in events at the ballroom.

Sales Forecast

Renovation of The Sumptuous Ballroom will occur in the first three months of 2010, preparing for a March 15 opening of the space.

Off-site food and beverage has traditionally been the largest revenue stream for Sumptuous Cuisine Catering, as this is the driver behind all of the other revenue streams. Subcontracted services, staffing, referral fees, and event planning are only offered when there is a core food and beverage package sold for an event. The F & B for The Sumptuous Ballroom events has been separated out for separate tracking, going forward, as have venue rentals of The Sumptuous Ballroom.

A typical event is a $10,000 food and beverage package with $5,000 in subcontracted services, $8,000 in staffing, and $1,500 in event planning fees. Typical events at The Sumptuous Ballroom will also incur a ballroom rental of $2,500 as a base fee.

The F & B cost is low, at 25% of the combined off-site and The Sumptuous Ballroom F & B revenues. Ingredients are purchased in bulk whenever possible at wholesale rates. A high markup can be earned on food and an even higher markup on liquor, which can sometimes cost as little as 15% of sales.

The cost of hourly event staff (bartenders, waiters, coat check, door check, restroom attendants, event managers, etc.) is recognized on the P & L statement under other cost of sales.

The Sumptuous Ballroom revenues will scale up sharply in the first year as the space is better utilized, but this growth will level off in years 2 and 3 as not all event dates are as desirable to clients and the most popular dates will book first. This projection incorporates the objective that the ballroom be utilized on 50% of days by the end of year 3.

Sumptuous Cuisine Catering expects that the existing line of business events at Corporate Hall will continue even with the addition of its own space, The Sumptuous Ballroom, because Corporate Hall hosts primarily smaller meetings than can be accommodated at The Sumptuous Ballroom. Sumptuous Cuisine Catering considers the two spaces to not be in direct competition. The relationship with Corporate Hall will allow Sumptuous Cuisine Catering to refer smaller meetings to that space, perhaps helping to build business at Corporate Hall through new inquiries.

SALES FORECAST

2010

2011

2012

Sales

Off-Site Food & Beverage

$784,537

$941,444

$1,129,733

Sumptuous Ballroom Food & Beverage

$79,687

$103,593

$134,671

Subcontracted Services

$354,801

$425,761

$510,913

Ballroom Rentals

$168,750

$236,250

$307,125

Staffing

$648,168

$783,778

$948,303

Referral Fees/Commissions

$108,028

$130,630

$158,051

Event Planning

$108,028

$130,630

$158,051

TOTAL SALES

$2,251,998

$2,752,086

$3,346,846

Direct Cost of Sales

2010

2011

2012

Food and Beverage Cost

$216,056

$261,259

$316,101

Other

$0

$0

$0

Subtotal Direct Cost of Sales

$216,056

Milestones

The milestones listed are the key steps to launching The Sumptuous Ballroom.

Renovation of the space will be directed by CEO,with insight from all staff. The work will be directed by a renovations contractor who will subcontract work to electricians, plumbers, painters, floor specialists, etc

The other activities come under the marketing umbrella of Antero MacDougal, Sumptuous Cuisine Catering's marketing director. The preparations will be made while the venue is being renovated, although finished photos of the new space will not be available until renovation is complete.

Introductory rates will reduce the rate of 100 events by $500 to encourage first-time rentals of the ballroom.

Financial Plan

Sumptuous Cuisine Catering will fund its expansion largely though its own cash reserves and a loan for the purchase of The Sumptuous Ballroom.

The funds needed include:

• $2 million for purchase of The Sumptuous Ballroom

• $100,000 for improvements

• $50,000 for equipment for the ballroom

• $82,500 for marketing devoted to The Sumptuous Ballroom acquisition

Sources for the funds include:

• $1.6 million mortgage

• $270,000 in convertible debt from investors for an equity stake of 10% in Sumptuous Cuisine Catering (diluting the current ownership equally) and 10% interest paid over three years. Likely investors include family and angel investors interested in lower risk than in a start-up firm, along with some guaranteed returns

• $300,000 in cash reserves of Sumptuous Cuisine Catering

• Cash flow surpluses in the later half of 2010 to make up the remainder

The business will return to stronger profits and gross margins after the acquisition.