UBUNTU EQUITY
We know where you come from

XYZ Eatery

Business Plan

Prepared by Ubuntu Equity (Pty) Ltd

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1. Executive summary

XYZ Eatery is seeking funding of ZARXXX to set up an Afrocentric fast food outlet in ABC Township, Johannesburg. Based on research, plausible assumptions and financial analytics that have been included in this business case, XYZ Eatery can make net profits after tax of ZARXXX by year 5 of operation at a penetration of X% of the total addressable market in ABC Township.

XYZ Eatery is a small food outlet focused on serving traditional African grub to its primary target market in and around the ABC area. The eatery is also a proudly 100% black woman owned venture, based presently only in Johannesburg, but with the aim of rolling out operations nationwide with a particular focus on malls/ centres in township areas.

XYZ Eatery seeks to bring locally relevant food items and a unique menu building option to the community served by the ABC Shopping Mall, provided they can secure a rental space within the Mall.

The vision for XYZ Eatery is to become the most well-known and recognised name in African food takeaways in the country. Our unique value proposition lies in the design of our menu – which incorporates traditional African food elements (like samp, pap, meat, tripe, fat cakes, etc.) that will be individually priced per portion, and added together as customers *build their own dishes* and pay only for what they want.

There is currently little competition given the type of eateries in operation at the ABC Mall, and XYZ Eatery is confident that they will be more than able to serve the niche ~XX thousand target market within the ABC area, at least once a month from the date of launch currently earmarked for November 2017.

2. Analysis of the current situation

THE SITUATION

The ABC Mall currently has only two food-serving tenants; being Romans Pizza and Fish & Chips. As an African-centric business, XYZ Eatery is concerned about two things within this setup:

- **The clear gap in the provision of homely, African-based meals** at the Mall, especially given that there are predominantly Africans living in and around the area
- **The nutritional quality offered** by these limited options to those local residents who either want to grab something to eat over a short lunch, or who wish to entertain the whole family for a meal at the Mall every once in a while

THE PROPOSED RESOLUTION

XYZ Eatery proposes to fully address these concerns by specialising in hearty, African-style meals to not only counter act the consumption of empty calories, but to also create a space that feels like a home away from home given all of the relevant and delicious food offerings.

The company was founded essentially to improve the average township resident's quality of life through enlarging their pool of options when it comes to fast food.

Some images follow to give the reader an idea of what the setup will be for XYZ Eatery.

3. Business overview

3.1. Ease of doing business 2017

- Region: Sub-Saharan Africa
- Income Category: Upper middle income
- Population: XX
- GNI Per Capita (US$): XX
- City covered: XX

According to the World Bank's "Doing Business", it will be relatively easy for XYZ Eatery to start operating within South Africa, as it ranks #/# in ease of doing business.

Categories that were evaluated are listed below.

- Overall (#/#)
- Starting a business (#/#)
- Dealing with Construction Permits (#/#)
- …

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No.	Description of procedure	Time	Costs
1	**Reserve the company name** *Agency: Companies and Intellectual Property Commission (CIPC)*	… days	ZAR XXX
2	**Register the company at the Companies and Intellectual Property Commission (CIPC)** *Agency: …*	… days	ZAR XXX
3	**xxx**	… days	ZAR XXX
4	**yyy**	… days	ZAR XXX
5	**zzz**	… days	ZAR XXX

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3.2. SWOT analysis

Because of our drive for excellence, when it comes to running XYZ Eatery, we are able to critically examine our own strengths, weaknesses, opportunities and threats.

Strengths: Internal factors that make us better than our competitors

- **Unique value proposition/ innovation in the design of our menu** – which incorporates traditional African food elements (like samp, pap, meat, tripe, fat cakes, etc.) that will be individually priced per portion, and added together as customers build their own dishes and pay only for what they want
- **Flexible pricing** in that you only pay for what you request per portion, as opposed to having pre-designed menu selections often with additional items you may not have necessarily wanted included in your meal choice
- **Customer-centricity in providing options** in …
- **Traffic pull** through …
- …
- …

…

Weaknesses: Internal factors that we need to watch out for lest they create stumbling blocks to our success

- Stringent trading license requirements
- No extensive expertise in the food industry
- Lack of access to …
- …

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As a new food outlet, we are aware of the need for excellence from the first day of operating – and as such have committed ourselves to ….

XYZ Eatery will also mitigate the supplier challenge by …

Opportunities: External factors over which we have little to no control, but that may well play in our favour and propel our business forward

- **The increasing use of technology** such as mobile websites and applications – these can be used to advertise to our market and thereby create awareness; they can also be used to book orders in advance, such that customers can simply come to pay and pick-up their orders
- **Access to a ~XXk overall market size** that is being served formally at present by only the ABC Township Mall (no other Malls serving this node) – which means we get access to the existing ABC Township Mall clientele and we can create a greater flow of customers into the Mall to try our meals
- …
- …

…

Threats: External factors beyond our control that may have a negative impact on our business, should we fail to plan and mitigate the risks

- **High levels of crime** in the country in general, but specifically targeting Malls – this presents an opportunity for XYZ Eatery and other ABC township Mall tenants to work together with the Centre Management to ensure safe behaviour by all staff members, and adherence to all safety regulations. XYZ Eatery will also incorporate the option for clients to swipe as opposed

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to using cash, and have a drop safe on site to further ensure safety of staff members handling cash

- **Competition from existing eatery tenants,** such as KFC, Fish & Chips and Chesa Nyama – which may be better known at this stage than XYZ Eatery. We will however work hard to advertise and create awareness of our brand, and the uniqueness of our offering compared to the competition
- **…**
- **…**

Some of the major threats that we may likely face as a new food outlet operating from ABC Mall in South Africa relate to high levels of crime and competitive rivalry. …

4. Company overview

4.1. Company summary

XYZ Eatery was founded in 2017 as an African answer to the need for truly traditional options, at affordable prices. The food outlet is currently seeking to serve residents of and those working in and around the ABC area in Johannesburg, South Africa; through providing both eat-in and takeaway options to its clients.

Our chosen location for launch in November 2017 is the ABC Mall which is situated in ABC Township and is the only formal retail offering in the node. It is a semi-enclosed, single storey shopping centre, where the banks and line shops are located in the enclosed section of the centre, while the majority of the larger shops face onto the parking area. The centre is also easily accessible off the R511, via taxi from the onsite taxi rank and on foot from the surrounding township. The Mall serves clients from LSM X to Y (discussed in detail under target market analysis section).

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4.2. Our team

Current roles

Founder and CEO: Joanne Muloti

- Responsible for providing direction for the business
- Available to coach and gather feedback from staff members
- Communicates values, strategies, and objectives; assigns accountabilities; plans, monitors, and appraises job results; develops incentives; facilitates a climate for offering information and opinions; provides educational opportunities
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

Roles to be filled (short-term)

Shop Manager & Supplier Liaison:

- Must have experience managing a restaurant or takeaway
- Familiar with locally available supplier sources and methods
- Responsible for placing orders, managing the cash register, tracking stock levels, …
- Passionate about …
- Able to …
- The manager will also handle …

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Cook/s:

- Start out with one full-time cook, and potentially add a part-time cook to be called upon only as needed and thereby reduce fixed overheads
- Cooks must have experience in cooking the African food items on XYZ Eatery menu
- Responsible for preparing all menu items within 5-10 minutes of order placement
- Must be …
- Responsible for …
- …

Waiting/ Serving Staff:

- XYZ Eatery will hire two full-time and two part-time serving staff members to cater for peak and off-peak periods
- Servers must be able to …
- Servers will double up as Bus persons, who are responsible for …
- …

Outsourced functions:

- Human Resources: …
- Accounting: …
- …

The above describes our ideal team. XYZ Eatery will ensure that we hire people that are qualified, hardworking, creative, customer centric and are ready to work to help us build a prosperous business that will benefit all the stakeholders – the owner/s, workforce, clients and community at large.

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4.3. Our offering

XYZ Eatery will initially provide clients with a quick takeaway African meal option, or an opportunity to sit down and enjoy a hearty meal at our outlet. We will serve with excellence and heart, ensuring our clients return for more of our feel-good food and feel-good ambience.

Our menu

XYZ Eatery will offer the following menu items – which can be coupled in any way the client wishes to create delicious, customized dishes.

Food Items

- Samp @ RX
- Mabele @ RX
- Mogodu/ Tripe @ RX
- Skop/ Smiley @ RX
- Amancina x2 @ RX
- Wors x1 @ RX
- Gravy @ RX
- Steamed bread @ RX
- Pap @ RX
- Magwinya/ Fat cake @ RX
- Chakalaka @ RX
- Potato salad @ RX
- Liver & giblet skewer 6 pc @ RX
- Chicken necks and legs @ RX
- Boiled egg (with aromat) @ RX
- Grilled mealies @ RX
- Creamy spinach @ RX
- Fried cabbage @ RX
- Chicken wings X 4 @ RX
- Lamb stew @ RX
- Beef stew @ RX
- Chicken Stew @ RX
- Coleslaw @ RX
- Tjhotlo @ RX
- Soup of the day @ RX

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Cold beverages (all Kingsley)

- Still water @ RX
- Cola 500ml @ RX
- Cola Light 500ml @ RX
- Ginger Beer 500ml @ RX
- Lemon 500ml @ RX
- Granadilla 500ml @ RX
- Pineapple 500ml @ RX
- Fruto Mango juice 340ml glass @ RX
- Fruto Mediterranean juice 340ml glass @ RX
- Fruto Tropical juice 340ml glass @ RX

4.4. Values and objectives

Our company values are…

- **EXCELLENCE:** without which we believe no organization can succeed. We therefore build our team only from like-minded, excellence-driven individuals who seek to provide all of our clients with what they want and need – without prejudice or presumption
- **HEART**: the glue that keeps XYZ Eatery together! This refers to our strong commitment to preparing our food and serving our clients with an attitude of care and positivity. This applies within our team settings as well
- **COMMUNITY**: …
- **AUTHENTICITY**: …

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Our objectives are to …

- Achieve consistent and fair profits at XX% minimum gross margins
- Grow our business by a conservative XX% per annum, while maintaining our principles
- …
- …

4.5. Vision, mission & tagline

- *Our vision is* to become the most well-known and recognised name in African food takeaways in the country.

- *Our mission is* not only to offer great tasting African food prepared by a skilled cook with a love for the same cuisine, but to do so with efficiency, courtesy and warmth. Our dining environment is simple but welcoming, with African art displayed all around to reinforce the African ambience. We also concentrate on customer satisfaction and quality African food that is always fresh and specially selected. We want XYZ Eatery to be a place people can enjoy a good meal and meet new friends, all the while catering to their palate and wallet by giving them maximum options in customising their specific dish every time they call. Finally, in the long run we want to see a XYZ Eatery in every single mall/ shopping centre around the country catering particularly to township areas similar to ABC in Johannesburg

- *Our tagline* is genuine feel-good African food, on YOUR budget!

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5. Competition

5.1. Key competitors

The following analysis of key direct competitors help us to determine our positioning in the industry and how we can better position our value proposition. Our competitors within ABC Mall are KFC, Fish & Chips and Chesa Nyama, although Chesa Nyama is the only real direct competition.

Chesa Nyama fast facts:

- Describes itself as an African restaurant
- Offers however a wide selection of items on menu, ranging from very few traditional African options (like beef stew and pap) to a whole host of typical fast food options (Russians and chips, various burgers, ribs, chicken meals, etc.)
- Their menu also offers a wide range of prices from R6.90 for a single wing to R299.90 for a Chesa Feast family meal
- Do not currently have an app
- Do have website displaying their franchises and menu selection
- They also have an active Facebook page
- Poor ratings on Hello Peter and other social media platforms – mostly due to poor service at franchise outlets, and inconsistency between different branches

5.2. Competitive advantage/ value proposition over Chesa Nyama

Surviving in the business world as 'just another takeaway joint' requires more than numeric calculations or even the right amount of startup capital. It requires having an edge over our competition in order that we may not only draw first time customers, but create life-long loyalty loops as a result of:

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- Great tasting and fresh food
- A relevant menu selection
- An unusually good …
- A welcoming ambience; created by …

At XYZ Eatery, all of the above will be our competitive advantage, with one addition being the fact that **we put the power to choose (and build their own meal) in the client's hands**, thereby eliminating issues of ...

These advantage factors sets XYZ Eatery apart from the likes of Chesa Nyama in the following ways:

- When we say we serve African cuisine, our menu attests to that fact
- Excellent service and a great overall experience is as important to us as good food, because that's what will keep our customers coming back
- At XYZ Eatery, we take to heart the old saying that it takes many years and a lot of hard work to build a reputation…
- Our price points vary …
- Our staff …

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6. Understanding the industry

The local fast food industry in South Africa is booming, bringing in more than RXX-billion annually, according to …. The percentage of adults who buy fast-food at least once a month increased from XX% in 2009 to more than XX% in 2015.

A XXX report predicts that fast food in South Africa will witness an annual growth rate of XX% for the 2014 to 2019 period. In 2014, there were XX new takeaway stores. That figure is set to increase by X% every year, according to YYY.

According to a ZZZ article, the reason for this continued growth in SA versus other African countries – despite diminishing incomes, rising food prices and a weak and volatile currency – involves several factors, listed below:

- **A broadening black middle class,** which has …
- **A strong meat-eating and dining-out culture**, particularly … given social and psychologically affiliations of meat with wealth and welfare
- **…**
- **…**

6.1. Fast food industry trends in South Africa

- **Customization.** This puts the power in consumer's hands. …
- **Always offer chicken.** Chicken remains top of the pops …
- **All day breakfasts.** Especially attractive to …
- **…**
- **…**

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- …

All of the above reinforces the relevance and potency of XYZ Eatery' offering within the ABC Township community, and highlights the potential for successful establishment and growth in the space.

6.2. Major industry challenges and mitigating strategies

CHALLENGE 1: An increasingly competitive and saturated landscape

- XX new takeaway stores were opened in SA in 2014 alone
- Calls for more reactive product differentiation strategies as a fundamental means of carving out market share
- Many fast food brands are now marketing value through combo meals and larger-sized portions
- A recent survey amongst lower LSM consumers indicated that XX% choose 'street food' over fast food. Primarily due to cost, but also because of taste preference and conviviality/ friendliness of the street vendors

PROPOSED APPROACH: Outperform the competition through unique value proposition

- XYZ Eatery differentiates itself by offering real local African foods within the convenience of an eatery within a mall setting
- We also appeal to our target market within the lower LSMs through offering an average price point of ~RXX, well within their budget for a quick but tasteful meal
- Our focus on friendliness and creating a welcoming ambience through excellent service and genuinely happy and interested staff will furthermore address the need for conviviality as expressed by XX% of the lower LSM respondents

- We have the edge over street vendors too, as our location in a mall offers peace of mind regarding issues of security and hygienic preparation of foods

CHALLENGE 2: …

- …

PROPOSED APPROACH: …

- …

CHALLENGE 3: …

- …

PROPOSED APPROACH: …

- …

7. Market analysis

7.1. Target market: ABC residents

ABC is one of Johannesburg's youngest townships. It was established in xx, as a relocation area for informally settled households from yy. In less than 23 years, ABC has grown into a bustling neighbourhood covering approximately x km with an estimated population of more than XX.

A large group of young and upcoming adults make up XX% of the population. Those who are economically active comprise XX% of the population (~XXK), XX% of whom are employed in mostly

elementary or blue-collar occupations, including craft and related trades, service work, shop and market sales and machine assembly.

ABC residents experience low to moderate living standards, XX% in the LSM X-X category and XX% in the LSM X-X category. The ABC community also relies heavily on public transport, mainly on minibus taxi services.

The City of Johannesburg recognizes ABC Township as a priority development area in line with … The City plans to build … Eskom is currently upgrading Y sub-station to provide sufficient bulk supply for future development in the area. Johannesburg Water is currently planning to install XX toilets, a 25 Megalitre water reservoir, and to upgrade the current water main to supplement the existing reception area. The Johannesburg Roads Agency is also planning to …

Despite its socio-economic challenges, ABC township is a vibrant neighbourhood with residents that are optimistic and determined to make better lives for themselves.

7.2. ABC township consumer categorisation

Based on a survey by XXX, a large proportion of ABC township consumers are in the high opportunity segment that includes people categorized as being A; B and C. This represents a high demand for retail development in ABC based on consumer values and behavior.

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Category	Detailed description
The A…	Business person driven for …
The B…	Person striving to become …
The C..	Impulsive buyer, with …
The D…	Very family-orientated …
The E…	High concern for …
The F…	Seeks novelty and wants …
The G…	Buys safe, big brand products …

The highest proportion of these consumer segments is The B, followed by The C, The F and The G.

Together these four segments account for about XX% of all ABC township consumers.

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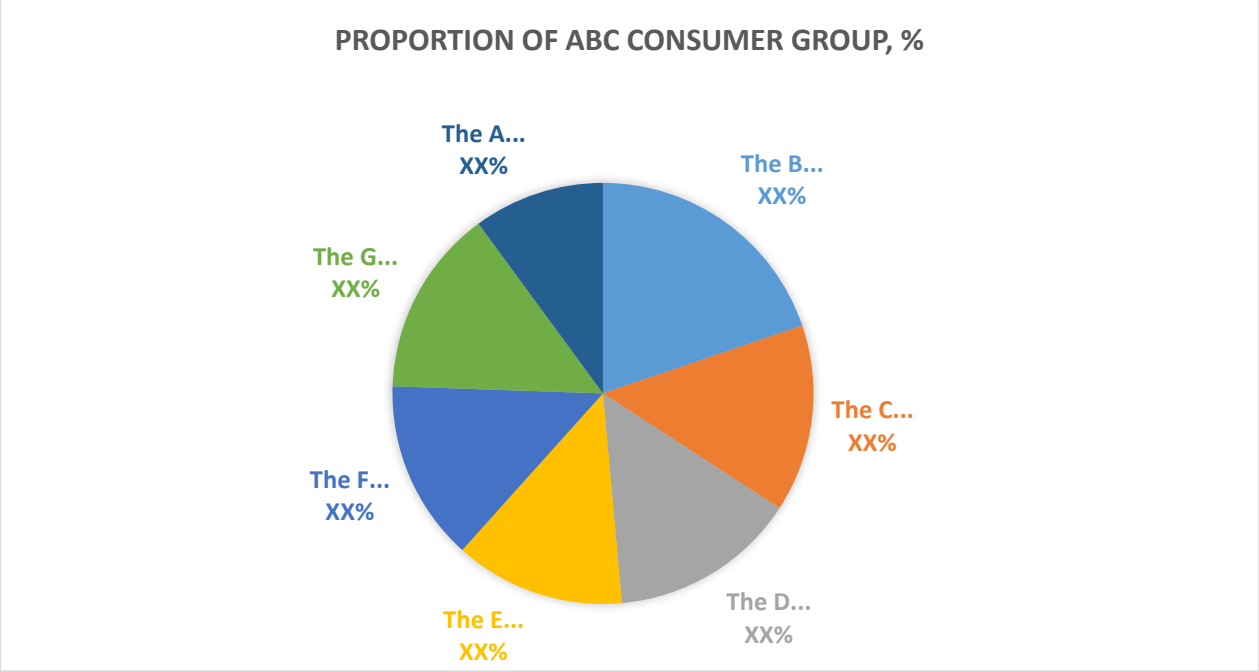

XYZ Eatery will target the most relevant consumer categories, amounting to a total target market size of XXK economically active residents of ABC and visitors to the Mall:

- The B… consumer, accounting for ~XXK of the economically active population
- The C… consumer, accounting for ~XXK of the economically active population
- The F…, accounting for ~XXK of the economically active population
- The G…, accounting for ~XXK of the economically active population

8. Pricing approach

XYZ Eatery will charge relatively higher rates than the typical street vendor, and an at par menu with other Mall resident competitors. At the same time, the eatery will ensure that menu items remain …

Please refer to the proposed menu selection under section *4.3. Our Offerings.*

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9. Sales strategy

We are mindful of the fact that there is stiff competition amongst fast food companies in South Africa; and will therefore focus on engaging with an experienced and professional company within the sales and marketing space to carry out our strategy.

XYZ Eatery will make use of the following marketing and sales levers to both attract and retain loyal customers:

- **Introduce our business to the community** with a simple and cost-effective, but impactful pre-launch campaign, and launch
- **Leverage extensively on …**
- **Encourage …**
- **…**

10. Financial analysis

XYZ Eatery will break even in its y year of operation, with a very small startup requirement of RXXK to get the operation off the ground. The eatery will start making positive NOPATs (Net Operating Profits After Tax) of ~RXXK in year x, ~RXXK in year y and ~RXXK in year z.

By targeting only the … population within the selected target segments, in ABC township, XYZ Eatery will reach X% market penetration by year 1, reaching XX clients each month. By year 5 of operation, the eatery is projected to reach a very conservative XX clients each month at X% penetration, averaging a total of XX meals per day.

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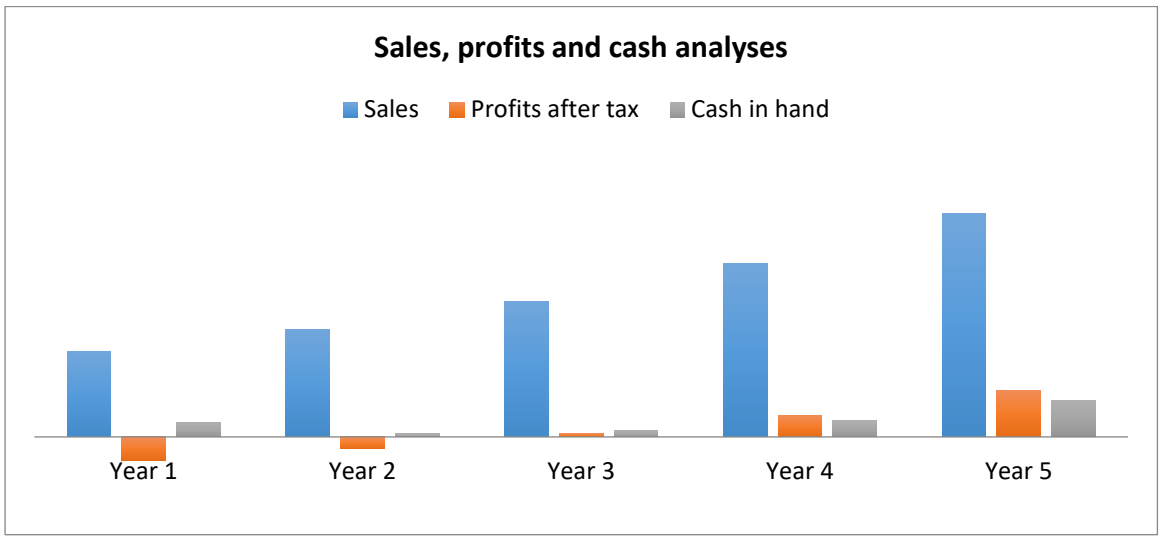
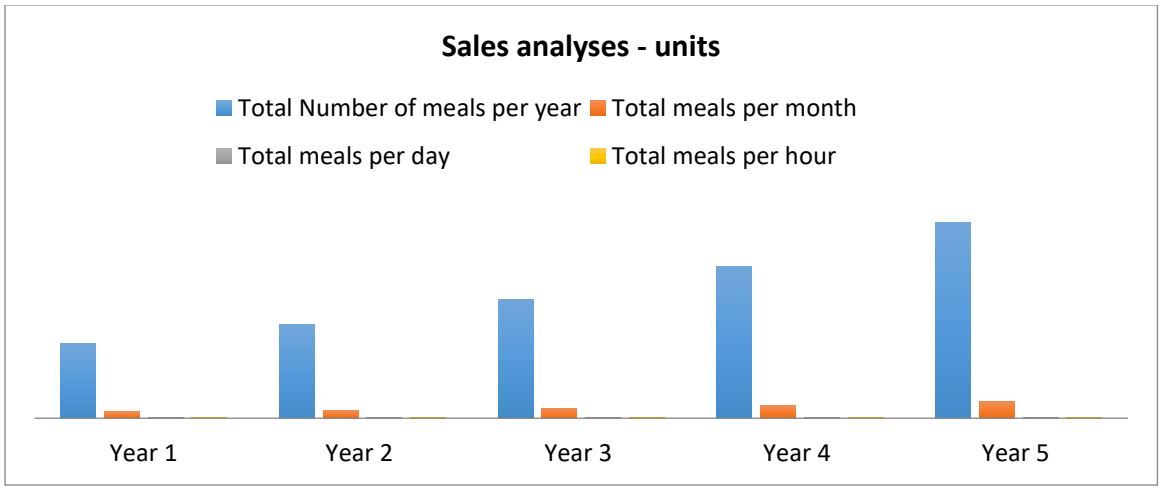
Some of the major financial assumptions follow below:

- Total targetable market is XX people
- The average breakfast selling price is ~RXX and includes …
- The average lunch selling price is ~RXX and includes …
- The average dinner selling price is ~RXX and includes …
- …
- …
- …
- …





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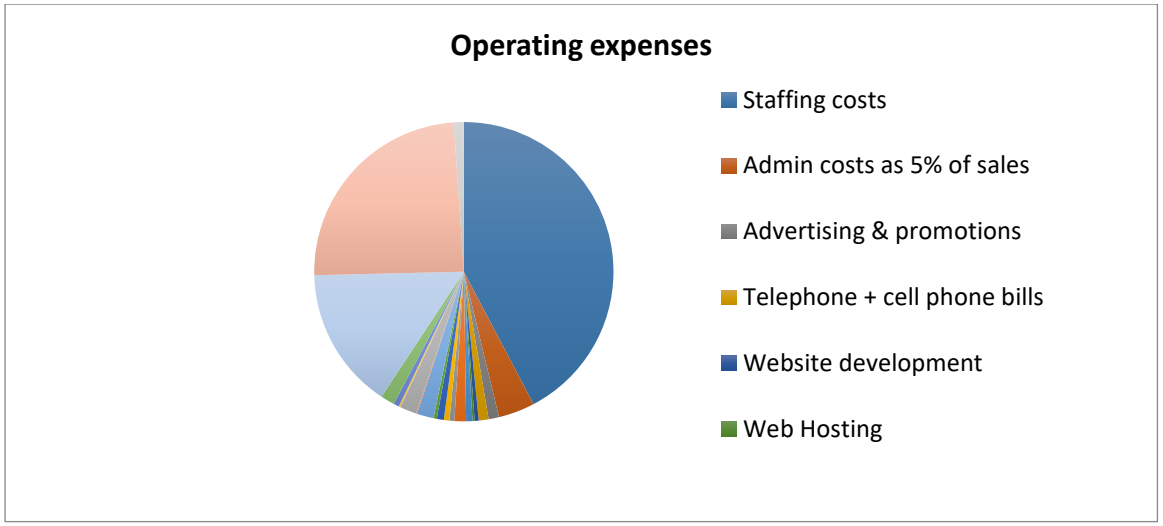

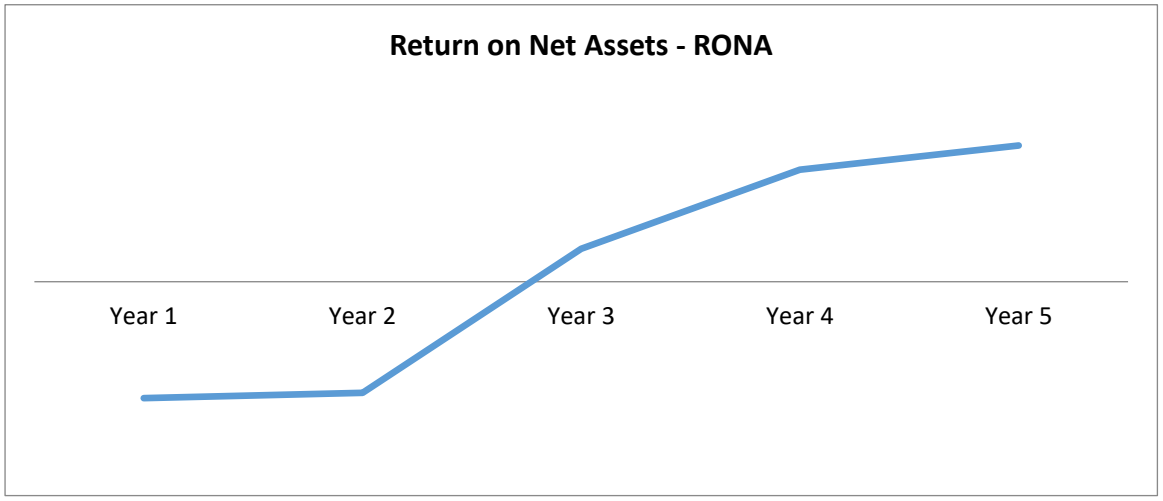

Please refer to the attached excel model for further detailed financial assumptions and projections.

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