



# THE HOSPITALITY COACH

Your Coffee Shop Business Plan  
Guide & Template

Step 2

## What You Did or Didn't Know about Coffee:

- 500 billion cups of coffee are consumed worldwide every year. Of that number, 14 billion are Italian espresso coffees
- Coffee is grown in 50 countries in Asia, Africa, South and Central America, and the Caribbean.
- Over 25 million people live off coffee farms
- Despite the variety of flavours, there are only two types of coffee beans - Arabica and Robusta
- Brazil, Columbia, and Vietnam are top producers of coffee
- Finns consume more coffee per capita than any other nation in the world, at 12 kilos per person annually
- Discovered in Ethiopia circa 800 AD, coffee wasn't so widely accepted at first. In some countries it was linked to riots and Satan. Terrible!
- The average worker spends \$20 on coffee per week or \$1,100 per year (US\$)
- Coffee is a fruit. Coffee beans are called beans only because of their resemblance to actual beans

## \$\$\$ Aroma of the Coffee Shop Business

*"As long as there was coffee in the world, how bad could things be?" Cassandra Clare*

Coffee is everywhere. It has long ago become a part of our daily routines. We drink it at home to get ready for a long day ahead, to rejuvenate in the afternoon at work, and to have a reason to get together with friends. It is no surprise that collectively the world consumes 500 billion cups of coffee every year. Worth over \$100 billion, coffee is one of the most sought after commodities that ranks second only to oil. Coffee is ahead of natural gas, gold, corn, and sugar. What makes it so lucrative? Coffee is a universal drink. Everyone from a middle-aged plumber to a college student to a senior hedge fund manager craves a cup of black goodness. Selling this cup can make you a lot of money.

Coffee shops are profitable endeavours. The industry's reigning king Starbucks is the third largest restaurant chain in the U.S.A. Yes, you can get far by doing just one thing right – making great coffee. And Starbucks is not the only business that is aware of it. According to the industry's data, coffee shops are the fastest growing niche and the least likely to fail (a mere 10% failure rate) in the restaurant business. It is not hard to see why.

Profit margins for coffee are incredibly high – essentially, you are selling a product that is more than 95% water. Coffee drinks are not made the same and their prices vary. For a cup of brewed coffee in the States you can expect to pay less than a dollar, at a fast food chain a dollar, at a specialty coffee chain over \$2, and at a high-end coffee bar anywhere from \$5 to \$7 (USA currency). A similar breakdown can be done for the UK European Asian and Australian Market. Numerous factors influence the price point, but generally speaking, coffee shop owners see a 70% profit margin (PM) on coffee drinks. Evidently, selling coffee is a great business idea.



## Why Write a Business Plan?

- To have a clear development plan
- To know your profit margins so that you make money not lose money
- To project how much inventory is needed for your business on a daily, weekly, monthly basis
- To develop an efficient coffee shop layout that drives sales
- To plan how many employees to hire and how much you can pay them
- To set service rules (employee conduct, product preparation, health code compliance, standard customer greeting, customer issues resolution, etc.)
- To create a marketing plan that you can start executing before your grand opening
- To draft your branding strategy that makes your business stand out among other coffee shops
- To secure a lease space
- To determine your pricing strategy
- To analyse and draw conclusions about your business's performance over time
- To raise investment capital
- To receive a bank loan
- To attract business partners/sponsors

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## *Business Plan: Coffee Beans to Your Business*

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*"Ideas are like legs: what good are they if you can't run with them, or spread them?" Jarod Kintz*

Good business ideas win you only half of the battle. What makes the difference is execution and execution starts with a plan, a business plan. Before you begin to yawn, consider this: do you want to run a coffee shop that makes you money or do you want to fail in two months after opening? If you are serious about your new business and want to set yourself up for success, write a business plan. Good coffee beans and fresh delicious pastries are not enough. After all, you are not trying to finish a cooking class, you are trying to build a business. A serious business requires structure and clarity. A concise and well-written business plan will bring these and so much more.

Business plans are your tickets to a better business future. These days they are absolutely necessary for raising investment capital, getting a bank loan, or obtaining a lease space. They prove to their recipients that you are a business professional, not an aspiring barista. They attract potential business partners, give employees a direction and framework of rules rather than force them to "play as they go", and provide you with a starting point so that you can analyse and draw conclusions about your business's performance over time. There is really no downside to writing a business plan. So how do you get started?

Even if writing and making simple calculations are not your cup of tea (or coffee in this case), drafting a business plan is a lot easier than it seems. This guide is designed to help you write your winning coffee shop business plan. It contains step-by-step instructions, explains business terms, and provides an example business plan at the end so that by the time we reach the final page you have a concise, coherent, and clear idea on how to write one. Before we start, breathe and ... have a cup of coffee ☺



## Helpful resources:

- Small Business Administration:  
<https://www.sba.gov/writing-business-plan>
- TD Bank:  
[http://www.tdbank.com/small-business/workshops/BusinessPlan/textbusiness\\_plan.htm](http://www.tdbank.com/small-business/workshops/BusinessPlan/textbusiness_plan.htm)
- Center for Education Columbia University:  
<https://www.careereducation.columbia.edu/resources/tipsheets/skills-writing-a-business-plan>
- Canada Business Network Government of Canada:  
<http://www.canadabusiness.ca/eng/page/2752/>
- Score.org - Business experts provide small business owners with consultations for free:  
<https://www.score.org/resources/business-planning-financial-statements-template-gallery>
- Business Department Australian Government:  
<http://www.business.gov.au/business-topics/templates-and-downloads/Pages/default.aspx>
- Business plan software:  
<http://www.liveplan.com/>

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## Business Plan Foreword

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*"Writing is thinking. To write well is to think clearly. That's why it's so hard." David McCullough*

While writing your business plan, you are guaranteed to think a lot about your business. It is one thing to visualize your coffee shop concept, but it is a totally different thing to convey this concept on paper. To accomplish this goal, you will need to do the following:

### • Research

Do your homework! What are the industry's trends? What are your trade's best practices? What location has the highest foot traffic and visibility? How much do your competitors charge for a regular brew or a specialty coffee drink? How many cups of coffee do you need to sell every day to break even? These and many other questions need to be answered. Trying to figure these things out after opening your dream coffee shop is a recipe for disaster.

### • Consult

In this day and age, there is an abundance of resources available online and elsewhere that you can utilize throughout your business plan writing process. Perfect places to start would be your local library, bank, university, Small Business Administration, restaurant owners association among many others. Additional business plan writing guidance can be provided at industry's workshops, business plan competitions, and networking events. So get out there and connect with experts!

### • Practice

As we've discussed earlier, writing is a process. Many restaurant/café professionals fear a blank piece of paper more than anything else. After all, they are used to operating things, not words. Do not be afraid!



#### Terms to Remember:

- Executive summary or management summary is a brief and comprehensive synopsis of a business plan or an investment proposal, which highlights its key points and is generally adapted for the external audience.  
Source: Business Dictionary
- A legal structure of a business is an organization framework legally recognized in a particular jurisdiction for conducting commercial activities such as corporation, partnership, and sole proprietorship. The business structure has legal and tax implications.  
Source: SBA, Business Dictionary

You Don't have to be Shakespeare or Tolstoy to write a business plan. As long as you adhere to logic and use simple language, you are golden! Try to avoid industry-specific terms and language and write in active voice so that any reader can understand the essence of your business plan. Your potential investors or partners might not have your coffee knowledge but can bring other assets to the table critical to your coffee shop's success. Don't limit yourself!

Since we are clear about the components of writing a winning business plan for your coffee start-up, let's get started!

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### *Business at a Glance*

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"Business at a Glance" or "Executive Summary" or "Start-up Snapshot" are the same thing. Essentially, they are one-page documents that describe your coffee shop (business structure, location, size, product and service offerings, staff and management background, etc.), showcase your business goals and objectives, define your target audience, and state your capital requirements. A piece of advice: write your executive summary after you have completed all other sections.

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### *Business in Detail*

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#### **Business Structure**

Business or legal structure is a necessity. It is as important to register your business as it is important to get a birth certificate for your child. There are multiple structures to choose from: sole proprietorship, limited liability company (LLC), corporation, etc. Each legal form has its benefits and downsides. It is suggested to create an entity that shields its owners from personal liability for claims against the company. For more information, reach out to your Small Business Administration or a competent legal professional.



## Why is Business Location Important?

- Equipment

You need to have ample space to fit your coffee making, dishwashing, and many other service-related machinery

- Customer Exposure

Your coffee-loving crowd needs to feel safe and sound inside of your store and have little trouble getting to you

- Parking Space

Parking space is essential to quick supplier drop-offs of products and accommodation of your employees and customers

- Sales and Profits

Without sales there is no business. If there is not much foot traffic in your location, consider switching your address

- Storage Space

Having enough inventory is great for business, having too much inventory occupying space and wasting your money is bad! Do not overstock on items, simply introduce inventory management

## Business Location and Premises

Location, location, location! Probably there is no other industry in which location is more critical than it is for a coffee shop. Most successful coffee houses out there have heavy foot traffic and high sales figures despite limited floor space and seating. Learn from the best! Find a location that is highly visible, close to business centres or colleges (the more people are near you, the better), and has plenty of parking space. Your customers need to see you and have an easy time getting to you.

In addition, when writing a business plan consider an option of purchasing your location. A lease versus purchase decision can significantly impact your coffee shop's financial health. The purchase play makes your deal more attractive in the eyes of prospective investors/lenders because of undeniable value of real estate. Plan smart!

### *Example*

Have you ever wondered why Starbucks is so successful? Well, partially because of carefully planned store locations. If you are in a high foot traffic area, you are guaranteed to see a number of Starbucks coffee spots. You can't miss them, they are everywhere - next to our work offices and homes. Starbucks has 22,766 stores in 65 countries! How do you compete with that? You don't have to! Starbucks is good for you too and here is why.

Despite the conventional wisdom, opening a coffee shop next to a Starbucks location turns out to be a smart business decision. Starbucks does all the marketing for you and attracts crowds of coffee lovers. When lines grow out of proportion at Starbucks, some customers decide to look for coffee elsewhere and find your place! Starbucks propels the coffee culture in general, hop on that ride!



## Processes and procedures!

The right operations plans is all about them and delivers a number of benefits:

- Your employees and managers know what to do and how to do it in case you have customer complaints or inventory issues. Your baristas don't have to play a 'guessing game' when it is all spelled out in the manual
- You have a contingency plan for every situation so there is a minimal margin for error
- You deliver a consistent service and serve consistently delicious cups of coffee. If your business concept succeeds, franchise offers will start coming. More locations - more money!

## Legal and Regulatory Considerations

Well, I know these words sound a bit scary. Rules and regulations are not much fun, but you need to adhere to them if you want your coffee shop to remain open. After all, your business is in the food industry and there are many things to consider: health code requirements, licenses and permits to operate your store, and so forth. Additionally, you need to verify availability of the name you've selected for your coffee shop and the domain name you've decided to land. Tip: make a list of things you need to take care of on the regulations side and scratch them off once they've been accomplished.

## Operational Factors

The operations plan of your coffee shop is the most important part of your business plan. It spells out day-to-day procedure and rules. It establishes guidelines for your managers and employees to follow. The operations plan is oil to your coffee shop's mechanism.

Generally, it describes:

- your opening/closing processes
- accounting procedures
- daily cash control
- transactions recording and monitoring
- production/service delivery requirements
- inventory ordering and replacement
- detailed supplier's list & backup plans
- accounts payables
- IT & Communications systems

Operations plans vary from store to store and depend on specifics of your coffee shop. Tip: don't try to detail everything in this section of the business plan as circumstances will change once you open a store. However, create a framework of requirements and procedures so that potential investors/lenders/business partners feel confident that you are serious about money and your business.



#### Terms to Remember:

- Market opportunity analysis is an application of forecasting techniques to the market factors that may influence the demand for a product identified as a market opportunity. Source: Business Dictionary
- The market analysis section of your business plan should illustrate your industry and market knowledge as well as any of your research findings and conclusions. This section is usually presented after the company description. Source: U.S. Small Business Administration

## Staffing

Behind every cup of coffee is a barista. In the coffee business employees play a crucial role. They are the ones that make and deliver coffee to your customers. Human interactions matter! A beautifully decorated store and flavourful coffee beans are not enough. If your employees are lousy and impersonal, you've lost your business! Therefore, in this section of the business plan establish your hiring requirements and training procedures, project your pay rate and number of employees needed to keep the store running. Tip: saving on employee's pay rate is a decision that backfires. If your pay is little, your employees will deliver little service.

When it comes to describing your management background, highlight the industry-relevant experience and administration skills. Your potential investors/partners will feel more comfortable if you have knowledge and skills to perform your duties. If you are a newbie, consider taking a management course or working at least part-time at a local coffee shop so that you can get familiar with the industry. Tip: try to evaluate your resume objectively and write things that actually matter. Your previous singing gig or a year spent traveling around the world are great but they certainly shouldn't end up in this section of your business plan.

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## Market Analysis

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The first question investors ask is: *Why?* Why do you want to open this business? A myriad of follow-up questions usually follows: Is there an overlooked niche of customers that craves your product? Are there any industry's inefficiencies that your business solves? Is there a client that needs your product and is willing to pay your projected price?

Well, obviously you don't want to open a coffee shop in the middle of nowhere. You won't make sales and your store will have to be closed. Your coffee shop needs clients, in fact lots of them, to keep you afloat. For this reason, conducting market analysis is a great place to start. Generally, market analysis includes the following:



### Terms to Remember:

- Target market is comprised of consumers that a company wants to sell its products or services to, and to whom it directs its marketing efforts. A target market can be separated from the market as a whole by geography, buying power and demographics, as well as by psychographics. Source: Investopedia
- Industry analysis is a market assessment tool designed to provide a business with an idea of the complexity of a particular industry. Industry analysis involves reviewing the economic, political and market factors that influence the way the industry develops. Major factors can include the power wielded by buyers and suppliers, the condition of competitors, and the likelihood of new market entrants. Source: Business Dictionary
- A competitive analysis is a critical part of your company's marketing plan. With this evaluation, you can establish what makes your product or service unique –and therefore what attributes you play up in order to attract your target market. Source: Small Business Encyclopaedia

- **Industry description and trends** (How large is the coffee industry? What about it's the growth rate? Where is it heading? What consumer segments does it serve?)
- **Market gap/inefficiency/opportunity** (Are there any problems in the industry that your business solves? How does it do it?)
- **Market overview** (How many people live close to your prospective location? Is your market projected to grow or decrease?)
- **Competitive analysis** (How many competitors do you have? How do you fare against them?)
- **Target audience** (What age group do you go after? How much do these people earn? How do they spend?)

Most of the above information can be found online or in a public library. Industry trends are covered by publications specializing in restaurant and coffee industries, market statistics – by government organizations, and industry's numbers – by market research firms. However, there are some things the need to be discussed in detail: target market, competitors, and SWOT analysis.

### Target Market

*"It doesn't matter where you're from - or how you feel... There's always peace in a strong cup of coffee."*

*Gabriel Bá*

Despite ubiquitous love of coffee, you need to focus on a specific group of people. If you are catering to everyone, you are catering to no one! So start your research with pinpointing a demographic that drinks a lot of coffee and is willing to pay top dollar for it. Reminder: we are in business to make money!

Your target market analysis needs to include two parts:

- **Demographic data:** age, gender, marital status, income, etc.



### Terms to Remember:

- Competition is rivalry in which every seller tries to get what other sellers are seeking at the same time: sales, profit, and market share by offering the best practicable combination of price, quality, and service. Where the market information flows freely, competition plays a regulatory function in balancing demand and supply. Source: Business Dictionary

- **Psychographic data:** interests/hobbies, lifestyle, individual preferences, etc.

Without this key information, you can't move forward – your marketing plan relies heavily on clear understanding of who your target customer is.

### Competitors

Competition is fierce and drives many stores out of business. Coffee shops are no exception. Running a business is a learning process in progress. Miss a trend, forget to update your menu, and you will find your coffee shop in trouble. To avoid this situation, get to know your competition! Tools to deploy – your legs. Go outside and visit each and every coffee shop around your dream location, taste their products, sit at their tables, and go to their bathrooms. Finding out plenty of information is guaranteed!

After doing the footwork, ask yourself the following questions:

- What coffee drinks and food items do these store offer?
- Do they taste better/worse/same?
- What prices does your competition charge for every item on the menu? Are they reasonable?
- Does your competition cater to high-end or low-cost products?
- What technology do these coffee shops use?
- What advertising activities do they undertake to bring in more clients?
- What are their hits/misses?

Write your responses down in a coherent manner and proofread them. Congratulations! You've successfully completed your competition analysis!

### SWOT Analysis

SWOT analysis or strategic analysis is a snapshot of your coffee shop that serves a dual purpose: helps you focus on your weaknesses (let's be honest, we all have them!) and formulate your unique selling proposition in the next section of the business plan.



#### Terms to Remember:

- Marketing plan is a product specific, market specific, or company-wide plan that describes activities involved in achieving specific marketing objectives within a set timeframe. A market plan begins with the identification (through market research) of specific customer needs and how the firm intends to fulfil them while generating an acceptable level of return. Source: Business Dictionary

SWOT stands for:

- **Strengths** – internal features of your coffee shop that are beneficial; for example: a state-of-the-art coffee making machine, experienced baristas, favourable geographical location, etc.
- **Weaknesses** – internal threats to the livelihood of your coffee business; for instance: lacking experience baristas, long waiting lines to place an order, outdated POS systems, etc.
- **Opportunities** – external trends that are beneficial; for example: construction of new residential/office buildings near you, stagnating competition, etc.
- **Threats** – external tendencies that are harmful; for instance: severe economic changes, loss of highly trained baristas, etc.

SWOT analysis provides you with a good idea of where you stand at the moment and what you can do to improve and grow your business. Its results and findings are used in the marketing plan so that you can focus the attention of consumers on what you do best.

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## *Marketing Plan*

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The marketing plan is an essential component of every business plan. If all you want is to build a generic coffee shop, expect generic results! Your marketing strategy can help you set your business apart from other coffee stores and leave a lasting impression on customers.

The marketing plan starts with reiterating your target market. You want to remind your readers who you are going after and why. Your marketing strategy needs to be presented in context, not in isolation. The next logical step is to describe your coffee shop concept.

Conventional business plan outlines place the business concept into the company's overview section separating marketing from the



### How Important is Your In-store Menu?

Very! When you walk into a coffee store, the first thing you see is a menu. Most people read from left to right, top to bottom. Some visitors probably don't finish reading the whole menu, so make it short and sweet! Place high-margin espresso-based drinks on top of your menu in the left corner – this is your most precious real estate. If you don't have much space left for brewed coffee, leave it off the menu! If somebody wants a regular brew, they will ask for it.

product/service description. Since we are writing a business plan for a coffee shop, it is wise to look at both in conjunction; at least, this is what the most successful coffee stores do. Everything from a menu to a store layout to a cup size name needs to convey your unique identity. Otherwise, how do you expect to register in busy minds of your coffee-loving clients?

### Product and Service Offerings

*"What goes best with a cup of coffee? Another cup."*

*Henry Rollins*

The business concept or product and service description part of your business plan is there to sell your idea to investors, lenders, partners, and employees. You want to entice them so that they make an investment or put effort towards building your business.

Key components of the business concept include:

- Service style: casual, high-end, quick-serve, etc.
- Floor plan and seating
- Interior decorations/design
- Hours of operation
- In-store menu
- Related products such as retail and catering

When writing this section of the business plan, try to provide vivid descriptions and use descriptive language. Tip: your prospective investors or business partners want to be sold on why your coffee shop is simply AWESOME! Deliver!

### *Industry Best Practice*

Starbucks cup sizes naming – Tall, Grande, and Venti - has confused many. Recall the first time you ordered at the most successful coffee store?

The Seattle based coffee company has its own way of naming coffee cup sizes. These names are unique. You don't get a simple large coffee, you get a Venti coffee! Feel the difference?



#### Terms to Remember:

- Unique Selling Proposition is a real or perceived benefit of a good or service that differentiates it from the competing brands and gives its buyer a logical reason to prefer it over other brands. USP is often a critical component of a promotional theme around which an advertising campaign is built. Source: Business Dictionary

So here are the cup sizes:

- Tall – regarded as a small-sized drink.
- Grande - read as 'GRAWN-day.' It is Italian, Portuguese, Spanish and French word for large.
- Venti - pronounced as 'VENN-tee.' Venti means twenty in Italian.

Starbucks cup sizes naming is a branding tool of enhancing the chain's customer experience. Being creative has definitely paid off for Starbucks. Innovate!

#### Unique Selling Proposition

Unique selling proposition (USP) is your business statement. It explains what you do best and how you are different from other businesses in the same industry. USP is a promise to your customers and a warning to your competition. There are many takes on how to write one, but most experts agree that your USP should be:

- **Simple.** Your USP does not have to be complex or sophisticated. Can a 5-year-old understand it? If not, go back to the drawing board. Do not alienate customers through elaborate language, they need to get what you stand for quickly!
- **Short.** Your USP is not an essay. Strive to be concise and deliver your statement in one or two sentences. Making it longer will confuse you and your potential customers and investors. Clarity is key.
- **Realistic.** If you promise more than you can deliver, we've got a problem. Get in touch with reality!

#### Example:

*"To have customer service that is not just the best, but legendary. To make our customers experience in our stores perfect in every way"*

USP is usually an extended message that serves as a starting point for creating your coffee shop's slogan. Slogans are catchy phrases designed to stick with your target market. Try to come up with one and share it with the public. Please see below for slogans of existing coffee shops large and small for reference.



<i>Coffee Chain Name and Location</i>	<i>Slogan</i>
<i>Caribou Coffee, coffeehouse chain</i>	<i>Life is short. Stay awake for it.</i>
<i>Starbucks</i>	<i>It's not just coffee. It's Starbucks. Your home away from home.</i>
<i>Saxby's Coffee</i>	<i>Saxby's Coffee. Start your day fresh.</i>
<i>Tim Hortons</i>	<i>Tim Hortons. Always fresh. It's time for Tim's. Always fresh. Always Tim Hortons.</i>
<i>Dunkin' Donuts</i>	<i>America runs on Dunkin'.</i>
<i>Costa</i>	<i>Costa. For coffee lovers.</i>
<i>Coffee Beanery</i>	<i>Coffee people who care.</i>
<i>Coffee Bean</i>	<i>Carefully nurtured from seed to cup.</i>
<i>Coffee World</i>	<i>Where the world meets.</i>
<i>CC's Coffee Houses in Louisiana, USA</i>	<i>You love our coffee, we love our guests.</i>
<i>Port City Java, a coffee house chain in the USA</i>	<i>Globally grown. Carolina roasted.</i>
<i>Zaraffa's Coffee, a coffee house chain in Australia</i>	<i>Now you're talking serious coffee!</i>
<i>Cuppers Coffee House in Prescott, Arizona, USA</i>	<i>With enough coffee anything is possible.</i>
<i>Camden Coffee House UK</i>	<i>Live life, love coffee.</i>
<i>Moore Coffee Shop in Seattle, USA</i>	<i>We may be small, but our cups are big with flavor.</i>
<i>Nat's Early Bite Coffee Shop and Diner in California, USA</i>	<i>Love at first bite.</i>
<i>Old California Coffee House and Eatery in San Marcos</i>	<i>A great place for friends, food &amp; entertainment.</i>
<i>Good Earth, coffeehouses &amp; bakeries in Canada</i>	<i>A world of good.</i>
<i>Good Omens, Summerland's coffeehouse</i>	<i>Good Omens. A sign of good things to come!</i>



<i>13th Avenue Coffee House in Regina, Canada</i>	<i>Keeping it local. Making it fresh.</i>
<i>Fairfax Coffee House in Berkeley Springs</i>	<i>The first taste of a better day.</i>
<i>Steel City Coffee House in Phoenixville, Pennsylvania, USA</i>	<i>The finest coffee house in the galaxy!</i>
<i>Coco Coffee House in Wales</i>	<i>Where good coffee counts.</i>
<i>HRD Coffee Shop in San Francisco, USA</i>	<i>Good eats. Nice peeps. Grab a seat.</i>
<i>Beans Coffee Stop, coffee shops, UK</i>	<i>We're not a brand, we're just Beans!</i>
<i>Happy Coffee, coffee shop in Denver, USA</i>	<i>Great coffee. Simple food. Happy people.</i>
<i>CHOCS, Coffee House on Cherry Street in Tulsa, Oklahoma, USA</i>	<i>We're not just selling coffee.</i>
<i>Crave Coffee House in St. Louis, USA</i>	<i>Peace. Coffee. More.</i>
<i>Fusion Coffeeshouse in Ridgeland, Mississippi, USA</i>	<i>Where it all comes together.</i>
<i>Seattle's Best Coffee, chain of coffee shops</i>	<i>Great coffee everywhere. Have it your way. If your way is fast.</i>
<i>Mama's Coffee Shop in Sandy, England</i>	<i>Best place for coffee and a great atmosphere.</i>
<i>Rituals, coffee houses in Trinidad and Tobago</i>	<i>Grounds for enjoyment.</i>
<i>The Penny Coffee House in Lethbridge, Canada</i>	<i>The gathering place for good food, fine coffee &amp; friendly faces.</i>
<i>Toosheh Coffee House in Vancouver, Canada</i>	<i>We serve fine &amp; fresh every day.</i>
<i>The Village Coffee House in Gullane, Scotland</i>	<i>Old fashioned quality in an age of change.</i>
<i>Tilt Coffee House in Leicester, UK</i>	<i>A new experience in coffee.</i>



### Terms to Remember:

- Pricing strategy includes activities aimed at finding a product's optimum price, typically including overall marketing objectives, consumer demand, product attributes, competitors' pricing, and market and economic trends. Source: Business Dictionary

### Pricing Strategy

Pricing is not that hard if you know what your competition charges and what are the averages in the industry overall. Below you will find a table that is designed to give you a basic idea about correlation between selling prices and costs (US currency).

<i>Drink</i>	<i>Cost</i>	<i>Price</i>	<i>Profit</i>
<i>Caffe Latte, regular</i>	\$0.77	\$3.35	\$2.58
<i>Vanilla Latte, regular</i>	\$1.02	\$3.75	\$2.73
<i>Mocha, regular</i>	\$1.10	\$3.75	\$2.65
<i>Brewed/Drip coffee</i>	\$0.56	\$1.90	\$1.34

Evidently, you make more money by selling espresso-based drinks. But how does the ratio of espresso-based drinks to regular brewed coffees impact your bottom line? You can see for yourself in the chart below (based on 400 daily transactions).

<i>Espresso/ Brewed Ratio</i>	<i>Daily Sales</i>	<i>Espresso Profit/ Day</i>	<i>Brewed Coffee/ Day</i>	<i>Daily Profit</i>	<i>Yearly Profit</i>
<i>90/10</i>	\$1,372.00	\$954.00	\$54.00	\$1,008.00	\$362,880.00
<i>50/50</i>	\$1,100.00	\$530.00	\$272.00	\$800.00	\$288,000.00
<i>20/80</i>	\$896.00	\$212.00	\$432.00	\$644.00	\$231,840.00

Tip: consider emphasizing espresso-based drinks on the menu and through the coffee shop layout to realize higher profits.

### Branding Strategy

The word "brand" originally meant the "mark of ownership made by branding (burning)." You don't have to burn anything literally, only 'mark'



### Terms to Remember:

- Branding strategy is long-term marketing support for a brand, based on the definition of the characteristics of the target consumers. It includes understanding of their preferences, and expectations from the brand. Source: Business Dictionary

some of your most obvious items with your logo. Think about every cup or website page or printed menu as an extension of your brand. Tip: keep things consistent and don't go overboard!

To bring consumers into your coffee shop, come up with a consistent promotional strategy. You need to be talked about and seen to be noticed. Some of the most successful activities include:

- Loyalty programs/frequent client promotions
- Direct mail/e-mail campaigns focusing on seasonal brews, birthdays, sampling, etc.
- Community fairs/charity involvement
- Partnerships with local businesses that benefit your product
- Signage and printed materials
- Public relations (PR)
- Advertising/Commercials
- Word-of-mouth (if your coffee is really good, people will come!)

You don't have to utilize all of the above strategies, but try to deploy at least two to see results. Experiment!



### Terms to Remember:

- Start-up Costs are the expenses incurred during the process of creating a new business.

There are a few generic costs that are common to all business types:

- Research expenses
- Insurance, license and permit fees
- Equipment and supplies
- Advertising and promotion
- Borrowing costs
- Employee expenses
- Technological expenses

Source: Investopedia

## Financial Plan

*"A mathematician is a device for turning coffee into theorems." Paul Erdos*

Good news: you don't have to be a mathematician to complete the financial section of your coffee shop business plan. Remember that financial projections are projections no more, no less. The financial plan is an educated guess estimate based on the industry's data and your desired profit margins.

### Start-up Costs

First come the start-ups costs. Most of these expenses are one-time costs that are absolutely necessary to start a coffee shop. These include incorporation fees, professional fees, licenses and permits, website design and development among many others. Do not go overboard with expenses, keep things lean!

<i>Start-up Costs</i>	
<i>Expense Type</i>	<i>Value</i>
<i>Business Licenses</i>	
<i>Incorporation Expenses</i>	
<i>Deposits</i>	
<i>Bank Account</i>	
<i>Rent</i>	
<i>Interior Modifications</i>	
<i>Equipment/Machinery Required:</i>	
<i>Item 1</i>	
<i>Item 2</i>	
<i>Item 3</i>	
<i>Total Equipment/Machinery</i>	
<i>Insurance</i>	
<i>Stationery/Business Cards</i>	
<i>Brochures</i>	
<i>Pre-Opening Advertising</i>	
<i>Opening Inventory</i>	
<i>Other (list):</i>	
<i>Item 1</i>	
<i>Item 2</i>	
<i>Total Start-up Expenses</i>	<b>\$0</b>



To put things in perspective, please see below for coffee shop start-up expenses based on the store's type (US Currency):

- **Coffee Cart:** Average cost is between \$20,000 and \$25,000
- **Kiosk:** Depending on the size and your menu, average costs are between \$25,000 and \$75,000
- **Drive-Through:** We have heard of entrepreneurs who have opened very small units for less than \$35,000. A large drive-thru can cost between \$80,000 and \$200,000

### Evaluating Your Coffee Shop Capital Needs

- Filling out the following table will help you determine just how much money you need to open your dream coffee shop.
- The starting cash is obviously \$0, move on.
- Go to the Cash Flow Statement on the next page, sum up your receivables or cash inflows, and write the sum in the total cash in of this table.
- Repeat the step for payables or cash out expenses.
- Continue your projections month by month.
- Do not hesitate to proceed with negative balances.
- Identify the largest negative balance – this is the amount you need to start your coffee shop.
- Write this amount in the starting cash month 1 box of the Cash Flow Statement on the next page. Done!



	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Starting cash	\$0.00							
Cash In:								
Cash Sales Paid								
Receivables								
Total Cash In								
Cash Out:								
Rent								
Payroll								
Other								
Total Cash Out								
Ending Balance								
Change (cash flow)								

Cash Flow Statement



	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<i>Starting cash</i>												
<i>Cash In:</i>												
<i>Cash Sales</i>												
<i>Receivables</i>												
<i>Total Cash Intake</i>												
<i>Cash Out (expenses):</i>												
<i>Rent</i>												
<i>Utilities</i>												
<i>Payroll (incl. taxes)</i>												
<i>Benefits</i>												
<i>Loan Payments</i>												
<i>Travel</i>												
<i>Insurance</i>												
<i>Advertising</i>												
<i>Professional fees</i>												
<i>Office supplies</i>												
<i>Postage</i>												
<i>Telephone</i>												
<i>Internet</i>												
<i>Bank fees</i>												
<i>Total Cash Outgo</i>												
<i>Ending Balance</i>												



## Income Statement

### Terms to Remember:

- Income Statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specific period of time, usually a fiscal quarter or year. These records provide information about a company's ability to generate profit by increasing revenue, reducing costs, or both. The Income Statement is also referred to as "Statement of Loss and Profit", "Statement of Operations", "Statement of Financial Results", and "Income and Expense Statement". Source: Investopedia

### Tips:

- When you hear "I want to see your P&L", show this person your Income Statement. It is the same thing.
- Do not overcomplicate things! If you don't know what number to put into a specific box, leave it blank, and come back to it later. Receive quotes from suppliers, consult with a business professional, or an existing coffee shop owner, and then fill in the missing parts.
- P&L, Cash Flow Statement, and Balance Sheet are three most important financial statements of any company.
- It is essential to compare P&Ls from different periods to get a comprehensive view of the state your coffee shop is in. It's not only the numbers that matter, their fluctuations do too. For instance, your sales/revenues can be growing, but your profits diminishing, all because your expenses have become higher. Watch out for these changes!

### Terms to Remember:

- Sales or revenue is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise. It is the "top line" or "gross income" figure from which costs are subtracted to determine net income. Source: Investopedia

Revenue = Selling Price of the Item X Total Number of Units Sold

- Controllable costs are expenses that a business has the power to change. Many business costs are controllable to some extent, such as payroll and materials. Source: Business Dictionary
- Fixed cost is a cost that does not change with an increase or decrease in the amount of goods or services produced. Fixed costs are expenses that have to be paid by a company, independent of any business activity. Source: Investopedia
- Net Income is a company's total earnings (or net profit). Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. Often referred to as "the bottom line" since net income is listed at the bottom of the income statement. In the U.K., net income is known as "profit attributable to shareholders".

Source: Investopedia

Net Income = Revenue – Total Expenses – Interest – Taxes



	Ind. %	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Annual Total	Annual %
<i>Est. Net Sales</i>															
<i>Cost Of Sales</i>															
<i>Gross Profit</i>															
<i>Controllable Expenses:</i>															
<i>Salaries/Wages</i>															
<i>Payroll Expenses</i>															
<i>Legal/Accounting</i>															
<i>Advertising</i>															
<i>Travel/Auto</i>															
<i>Dues/Subs.</i>															
<i>Utilities</i>															
<i>Misc.</i>															
<i>Total Controllable Exp.</i>															
<i>Fixed Expenses:</i>															
<i>Rent</i>															
<i>Depreciation</i>															
<i>Insurance</i>															
<i>Permits/Licenses</i>															
<i>Loan Payments</i>															
<i>Misc.</i>															
<i>Total Fixed Expenses</i>															
<i>Total Expenses</i>															
<i>Net Profit/Loss Before Taxes</i>															
<i>Taxes</i>															
<b><i>Net Profit/Loss</i></b>															
<b><i>After Taxes</i></b>															



## Balance Sheet

### Terms to Remember:

- Asset is anything that a company owns. Assets include cash, accounts receivables, and inventory.
- Fixed assets are things that will provide benefits to your coffee shop for a period longer than a year. These include machinery, buildings, etc.
- Petty Cash is a small fund of cash kept on hand for purchases or reimbursements too small to be worth submitting to the more rigorous purchase and reimbursement procedures of a company or institution. Petty cash funds must be safeguarded and documented to ensure that thefts do not occur. Source: Investopedia
- Inventory – raw materials on hand. In your case, coffee beans and any food items you intend to sell.
- Short-term investments are any investments that will expire within one year and can be liquidated quickly. These include bonds and stocks.
- Prepaid expenses are anything that you pay for or rent in advance. For instance, a security deposit for your lease.
- Long-term investments are self-explanatory. See short-term investments.
- Liabilities are debts or anything that you owe.
- Current liabilities are debts that are due within the next 12 months.
- Accounts Payables are payments that you owe to your suppliers.
- Long-term liabilities are self-explanatory; basically debts that are due over a period exceeding 12 months.
- Net Worth is the amount by which assets exceed liabilities. Net worth is a concept applicable to individuals and businesses as a key measure of how much an entity is worth. A consistent increase in net worth indicates good financial health; conversely, net worth may be depleted by annual operating losses or a substantial decrease in asset values relative to liabilities. In the business context, net worth is also known as book value or shareholders' equity.

Source: Investopedia

Net Worth = Total Assets – Total Liabilities



## Balance Sheet

<i>Assets</i>			<i>Liabilities</i>	
<i>Current Assets:</i>			<i>Current Liabilities:</i>	
<i>Cash:</i>			<i>Accounts Payable</i>	
<i>Petty Cash</i>			<i>Notes Payable</i>	
<i>Accounts Receivable</i>			<i>Interest Payable</i>	
<i>Inventory</i>			<i>Taxes Payable:</i>	
<i>Short-Term Investment</i>			<i>Federal Income Tax</i>	
<i>Prepaid Expense</i>			<i>State Income Tax</i>	
<i>Long-Term Investment</i>			<i>Self-Employment Tax</i>	
<i>Fixed Assets:</i>			<i>Sales Tax (SBE)</i>	
<i>Land</i>			<i>Property Tax</i>	
<i>Buildings</i>			<i>Payroll Accrual</i>	
<i>Improvements</i>			<i>Long-Term Liabilities</i>	
<i>Equipment</i>			<i>Notes Payable</i>	
<i>Furniture</i>			<i>Net Worth/Owner's</i>	
<i>Automobiles/Vehicles</i>			<i>Equity/Retained Earnings</i>	
<i>Other Assets:</i>				
<i>Item 1</i>				
<i>Item 2</i>				
<i>Item 3</i>				
<i>Total Assets:</i>			<i>Total Liabilities:</i>	

## Appendix

Appendix is traditionally for things that support the statements made in your business plan. Here you can copy and paste the following:

- Extended Management's Resumes
- Legal Contracts
- Store Layouts
- Brochures & Printed Materials (can be just sketches)
- Menu Versions
- Any statistical data (charts, tables, etc.) that you referred to in text
- Pictures of the desired location
- Payroll projections

Last word: Plan ahead, practice, and write a business plan. Starting a business is fun, especially if it smells like coffee!



# Coffee Shop Business Plan Template

## Your Café Name

Your Tagline



Your name and Contact Information

Prepared  
On  
1/1/2016



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## Business at a Glance

Business name	Your Cafe Name
Date Registered	29 <sup>th</sup> February 2000
Business Structure	Two independent trusts with equal holding are the shareholders of Your Café
CAN	ACN: 7837464673
ABN	ABN: 34567890987
Business Address	Your business address here
Products and services	A brief description of products and services that you provide
Target market	A brief description of who your customers are. Try to be as specific as possible.
Goals/Objectives	<ul style="list-style-type: none"><li>• Continuously develop and optimise our systems</li><li>• Improve and enhance our customer experience</li><li>• Grow our brand by at least one new site every three years</li><li>• Increase sales annually by 10%</li><li>• Optimise our relationships with business partners</li></ul>
Capital requirements	Amount: \$500,000 Purpose: Kitchen Equipment Front Of House fitout Working Capital



# Business in Detail

## *Business Structure*

See appendix.

## *Business Location and Premises*

### **Business Address**

The business will be located at Unit 1/80 Kings St. Brisbane 2069

These Premises will be leased (See Appendix for Lease)

### **Tenancy Details**

Lessor: Commissioner of highways of 33-37 Warwick St, Walkerville, SA 5081

Lessee: John Smith 22 Sundown way Brisbane Queensland 2000

Commencement: 29 August 2007

Lease Term: Current Term – One (1) year expiring 31<sup>st</sup> August 2010

Renewal Term – Three (3) years expiring 31 August 2010

Option Term: Three (3) Rights of renewal each of One (1) year. The current term is the last of three rights of renewal.

Rent: The Lessee shall pay to the Lessor rent (\$29760excl GST) per annum payable by equal calendar monthly instalments in advance on the first day of each month throughout the Term.

Rent Reviews: Rent review dates annually and increased at a rate of 4% for the term of the lease

Outgoings: In addition to the agreed rental, the Lessee is charged for all:

- *Telephone rental and calls;*
- *Gas*
- *Electricity*
- *Water*
- *Breakdowns/ Repairs*
- *Preventative maintenance (i.e. pest control, equipment servicing)*
- *Rubbish removal*
- *Council Rates*
- *Emergency Services Levy*



## *Legal and Regulatory Considerations*

- Business name registration will not be necessary as we intend to buy into a pre-established business. The names of the two partners investing will be written into the pre-existing corporate structure.
- Trading name is pre-established so we do not need to register this
- We will be consulting with the legal firm Smith & Associates to ensure the establishment of our legal structure is looked after
- ABN & ACN is already established
- GST registration has already occurred
- Domain Name is already registered and live at [www.mycafe.com.au](http://www.mycafe.com.au)
- Trademarks have already been granted
- Licenses and permits are all established
- Supplier, leasing and employment contracts are already established
- All specific laws relating to cafes and Food service are currently adhered to

## *Operational Factors*

### **Equipment**

The following items of equipment will be purchased. All equipment currently present will be included in the sale of the business and will remain property of the business.

Insert Full List of required Stock and equipment.

### **IT & Communications**

Include a full list of required IT and communications infrastructure and equipment required.

### **Suppliers**

Insert list of suppliers here

## *Staffing*

The below staff will be required for the daily operation of the business

Insert proposed roster here.

1 x Chef – Position unfilled, Full Time, Proposed Salary \$65,000



2 x Cook – Positions unfilled, Part Time, Proposed Salary \$45,000  
1 x Kitchen Hand – Position unfilled Part Time, Proposed Salary \$40,000  
5 x Service Staff – Positions unfilled Casual, Proposed Rate \$26.00 p/h  
4 x Baristas – Positions unfilled Casual, Proposed Rate \$26.00 p/h

**James Erickson**

Finance Management  
Supply Side Management  
Company Development and Strategy Implementation  
New Site Development

**Alvin Thompson**

HR Management  
Computer Systems & IT Management  
Systems & Procedure Management  
Operations Management  
Marketing

**Management Background (Outline relevant experience here)**

We have been Café employees at Saffron Café for Five Years. As senior managers we have assisted in the employment of up to 60 employees at any one time and have assisted in the establishment and running of 3 other cafes operated by the same company. Establishing ourselves as a critical factor in the expansion of the company we're currently employed in. Our success is driven by our passion to deliver a world class product and establish ourselves as a market leader.

The proven expertise and experience of our key staff is what we bring to this new business in order to ensure our continual growth and ongoing success. Our key personnel are:

**Your Name (your name and qualifications if relevant)**

Bachelor of Business & International Trade  
Bachelor of Business & Marketing

**STRENGTHS (your relevant strengths)**

HR Management  
Computer Programming and Information Technology  
Systems & Procedure Management

**EMPLOYMENT HISTORY (your relevant employment history)**

<u>2007 – Present</u>	Saffron Café employee
<u>2004- Present</u>	Catering King Franchisee



Contracts Managed and Operated:

Ibis Hotel  
Strathmore Hotel  
Eldercare Nursing Home  
Beachside Nursing Home  
The Archer Hotel

1999 - 2004

Sales and Marketing Executive  
Tradewell Agencies Pty Ltd

Feb. 99 - Aug. 99

Sales Support Officer  
Phillip Shipping Lines Pty Ltd

## Insurance

Workers compensation is currently in place by way of work cover. The employer number is 564746353 with a current total levy rate of 0.443% (See Appendix 10 certificate of currency).

For Certificate of Insurance and full coverage see Appendix 5.

# Market Analysis

## *Market Overview*

### The Opportunity

The current brand is in its infancy in our state. With our injected investment and expertise we see an accessible opportunity to further drive growth assisted by the support of our proven systems.

### The Market

We are based in the Queensland retail food sector. We will be locating our cafes in high traffic, high profile locations within densely populated areas. Our varied range of businesses locations will include: Tertiary Institutions, Shopping centres, and entertainment outlets. We have the flexibility to design cafes to accommodate a wide range of urban and suburban site layouts.



Our Café has been largely unaffected by global monetary markets with our business protected by our strong operating environments. Our cafe continues to increase revenue from the previous years.

The demand for our cafe is high, often referred to as a lifestyle business owing to the working hours, 5 day trading and industry with which they operate. The often captured market and our endless pursuit of growth and the institutions we partner with lend this business to continual growth.

### Key Facts

<i>Capital City</i>	Brisbane
<i>State population</i>	1.6 million (2009-10)
<i>Brisbane population</i>	1.2 million
<i>Population origin</i>	Australia: 74.0%      Europe: 14.0%      Asia: 2.0% New Zealand: 0.7%  Other: 4.4%
<i>Private Business Investment (2009-10)</i>	\$ 10.8 billion
<i>Employment (2009-10)</i>	803,100 average

Source: Australian Bureau of Statistics Cat. No. 5368.0

### The Brisbane Market

The extent of redevelopment proposed over the next twenty years will see the City's population increase significantly. This is expected to occur through large numbers of new dwellings being constructed, although the average numbers of persons occupying each dwelling will be far lower than in earlier decades.

The large growth in population is a result of the attraction of inner city living for tertiary education, employment opportunities and entertainment, which results in much of the population migrating to the City being young adults in their late teens and early twenties. The City of Brisbane also attracts a large number of overseas migrants. These migrants are primarily made up of students studying at the University of Brisbane, the University of Queensland and Queensland TAFE, locations where we plan to position our cafes.

The City also attracts migrants from the outer suburbs of Brisbane, many of these being young people studying or moving to the central city for lifestyle and/or employment reasons.

The major drivers of population change in the City of Brisbane over the forecast period will be:

- the large number of new dwellings that are expected to be constructed (an average of just under 450 dwellings per annum between 2006 and 2031 as per [www.id.com](http://www.id.com) Forecasts)



- Growth in visitor population, based on increases to hotel rooms and other accommodation types.

City West is expected to have the largest amount of development with the construction of around 4,280 dwellings between 2006 and 2031. Both City East and City South are also expected to experience large amounts of development with around 2,835 dwellings in the former area and 1,885 dwellings in the latter area expected over the forecast period.

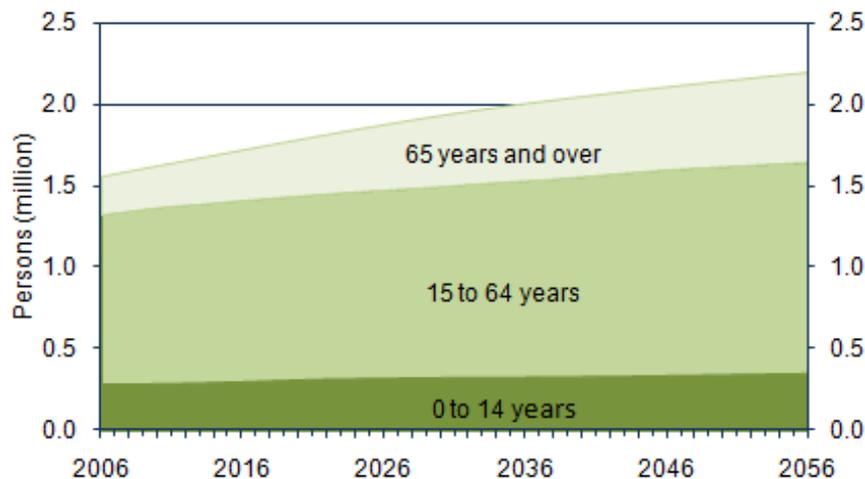
Other areas of the City including South West Corner and South East Corner are expected to attract significant, albeit lower levels of development. The established residential areas of North Brisbane are expected to provide relatively low numbers of new dwellings over the forecast period as a result of more limited opportunities for apartment development.

The built form that is expected with these developments is likely to shape the population. The majority of new dwellings that are expected to be built over the 2006-2031 period are apartments. The apartment market has been dominated by young singles, couples and students. Media-driven myths about 'empty nester' demand are generally not supported by data analysis.

### Cafe Target Market

The key target customers in our market are the 18 – 35 market. They are health conscious, and they are either entering occupying or leaving a tertiary environment where their exposure to our brand is maximised. Our target customers drink coffee and seek out only good quality establishments from which to buy it from. Please see below for a population forecast; evidently, our target market will continue to grow in Brisbane.

*Projected Population by Age Group\*  
Queensland, 2006 to 2056*



Note: \* Medium series (i.e., Series B) projections.

Source: ABS, Population Projections, Australia 2006 - 2101, Australia, Cat. No. 3222.0.

### Competitors



Our Competitors for the provision of Café Franchise systems are also our competition with regards to our customers. These franchises and their strengths and weaknesses are:

#### Cribb Coffee

**Strength:** Strong Queensland Brand Recognition, Coffee Product, Store Appearance, Customer Loyalty

**Weakness:** Limited Food Offer, No Catering Services, Limited Dine In Seating

#### Flunk Coffee

**Strength:** Product Consistency, Store Consistency, Brand Awareness

**Weakness:** Poor customer service, Limited Food Offer, Catering services still underdeveloped

#### Matto's Patisseries

**Strength:** Brand awareness, large range of baked goods,

**Weakness:** Poor Coffee, little if any healthy menu items

#### The Coffee Place

**Strength:** National Recognition, Good food Offering, Strong presence in shopping centres

**Weakness:** Poor Coffee, Poor customer service.

## SWOT Analysis

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Provide quality goods and services to niche markets</li> <li>• Health Food Focus</li> <li>• Growing market for future revenue</li> <li>• Location (premier spot, captured clientele)</li> <li>• Friendly, trained staff</li> <li>• In-house nationally certified barista training</li> <li>• Brand awareness</li> <li>• Online &amp; Smartphone ordering &amp; payments</li> <li>• Consistent product across all cafes</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Products are perceived expensive</li> <li>• Street Level presence limited</li> <li>• Staff Turnover</li> <li>• Irregular introduction of new menu items.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Open new stores and expand annually expanding the brand towards an Express concept.</li> <li>• Commissary supplying larger market outside of cafe</li> <li>• Catering Van servicing Greater CBD expanding catering territory.</li> <li>• Improve customer experience with emerging technology.</li> <li>• Expansion through Cafe Express Concept</li> <li>• Introduction and promotion of new menu items every month.</li> </ul>	<ul style="list-style-type: none"> <li>• External Caterers supplying our immediate area</li> <li>• Changing consumer spending and habits</li> <li>• Competitors in local area</li> <li>• Fast moving technology</li> </ul>

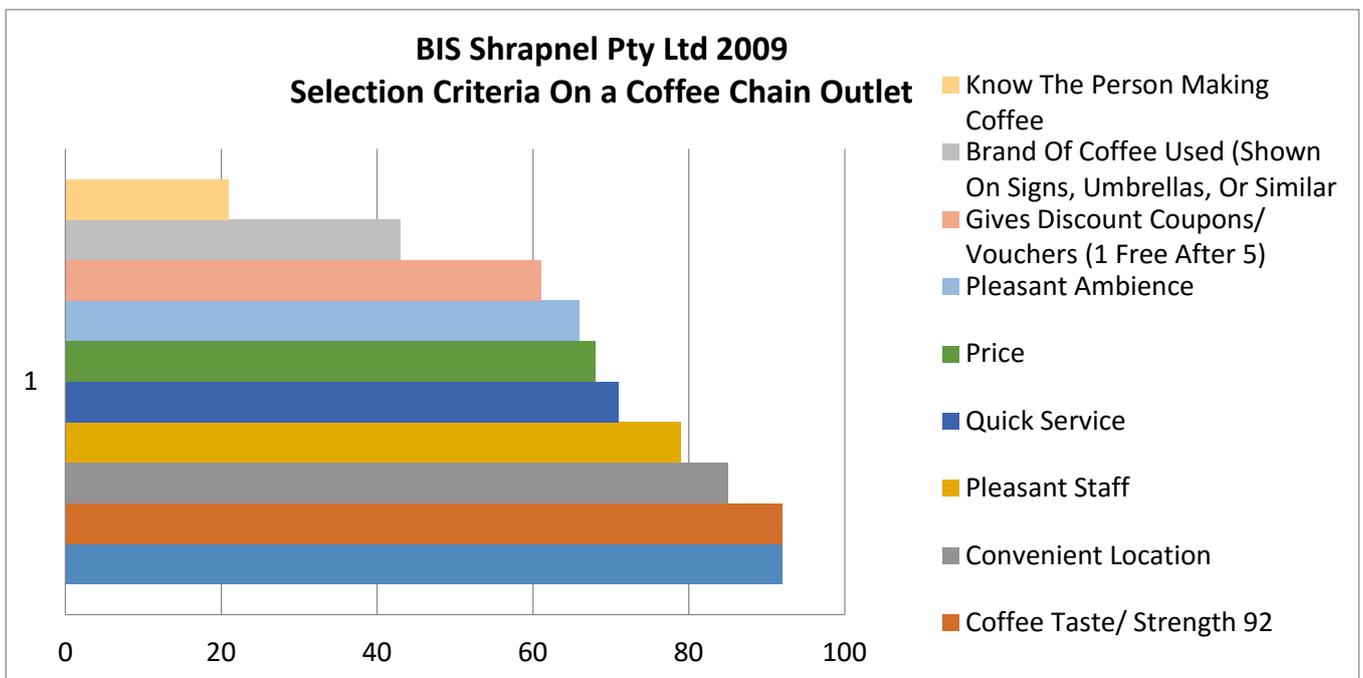
### Strengths



- Continuing our growth in our niche markets will remain a focus. Doing so will ensure that our customers develop brand loyalty and will encourage them to seek out our brand on street level.
- Our café will pioneer in the health food retail market. Our selection of vegetarian, vegan, gluten free and dairy free products alongside our non-dietary specific food items make us an ideal meeting place for people who may be dietary conscious, with something for everyone's tastes and requirements.
- Our market is a growing market and our positioning is always such so as to exploit this growth.
- Customer service is of the utmost importance to us. Our day long orientations are such so as to train our staff in the friendliest interaction with our customers
- Our in-house barista training is delivered through a partner coffee school, all baristas must achieve the nationally recognised certification prior to making coffee for customers.
- Our positioning in upcoming café markets allows us the opportunity to entrench our brand within the minds of our target market. There really is no better exposure for any brand and most companies make every effort to have their brand represented in these environments for this reason.

The above BIS Shrapnel Data shows how weighted our strengths are towards the most important selection criteria on a coffee chain outlet.

- We are innovating in an effort to streamline the ordering and payment process for our customers by offering online and smart phone ordering and payment through our mobile application. Currently our competition at best can take the order but not yet



make payment at the same time.



- We have developed and operate a commissary for our cafe supplying it with salads and baked items. This ensures that across all of our cafes the products are consistent and our customer can order confidently knowing exactly what their product will taste and look like.

The most important factor is the strength and taste of the coffee which we have excelled at. Our blend was recently awarded bronze in the golden bean awards.

Convenient Locations is something we focus on and consider to be an integral part of our success. All of our staff have customer service as one of their most heavily rated KPIs.

Our service is considerably faster than that of the competition with the introduction of our iPhone Application which eliminates the need to line up order and pay. Our customers can order online or via their phone and simply visit the store to pick up their order at their chosen time.

We will be cheaper than our competition on all relative items. Our stores will be designed with an ambiance in mind that encourages people to feel comfortable.

We will have discount coupons and vouchers and are working on integrating these cards into our iPhone application.

We have a focus on barista retention allowing our regular customers to forge a confidence and relationship with our key staff.

## Weaknesses

- Quality products are often perceived as expensive. Our ongoing promotional focus is on value for money.
- Currently our presence is limited. Once we have successfully obtained funding, we intend to introduce the Cafe Express concept. This design is for smaller more inexpensive outlets which can be built and put into operation quickly. The immediate result of this will be a stronger street level presence and increased brand awareness.
- Currently we introduce new products infrequently with very little promotion. It is our intention to implement regular in-store promotions to create velocity for the introduction of new products.

## Opportunities

- The introduction of new chef designed menu items on a monthly basis to ensure our products and stores remain a talking point amongst our target market constantly maintaining a point of difference from our stagnant competition.
- It is key to our success that we continue to open cafes every year meeting our minimum prerequisite of 1 new stores per annum.
- Our commissary currently provides salads and bakery items to all of our cafes. The opportunity exists to design an alternative range or products from the commissary to distribute to cafes and restaurants outside of our cafe group.
- We currently have a van on the road delivering catering. It is our intention to grow this side of our business and use the services of this van outside of the immediate CBD also.



- We intend to introduce table mounted Wi-Fi enabled iPads in our cafes to allow customers to not only order and pay from their tables but to be able to surf the internet while waiting for their order to be prepared.
- It is our intention to immediately source sites for the opening of Cafe Express sites. Cafe Express are smaller cafes able to be built in smaller occupancies ideally in high traffic locations, boosting brand awareness.

### Threats

- Other caterers have been noted as visiting our area at times delivering their products. We have recently put in place a loyalty program with customers in an effort to curb the use of external caterers.
- Given the current global economy we do consider this to be a potential threat to our markets spending. We concede that we are positioned within a market that is far better buffered than others.
- We do have competitors around our cafe; we aim to redesign our stores every five years in an effort to always look fresh and contemporary. We have found that this is a practice that is not undertaken by many of our competitors, which keeps us in favour with our target market.
- With the velocity at which technology is currently moving it is most definitely a threat. It is our intention to ensure our café remains at the forefront of technology utilisation so as to ensure we are always at the forefront in the provision of service and customer experience.

## Marketing Plan

Company Name: My Cafe

### *Target Audience*

The Key targeted customers for our franchisees is the 18 – 35 market. They are health conscious, and they are either entering occupying or leaving a tertiary environment where their exposure to our brand is maximised. Our target customers drink coffee and seek out only good quality establishments from which to buy it from.

The key to engaging this market is cafe placement. Our cafes must be located strategically so as to allow maximum brand exposure in high traffic areas. The following BIS Shrapnel research findings clearly identify our targeted markets behavioural trends.



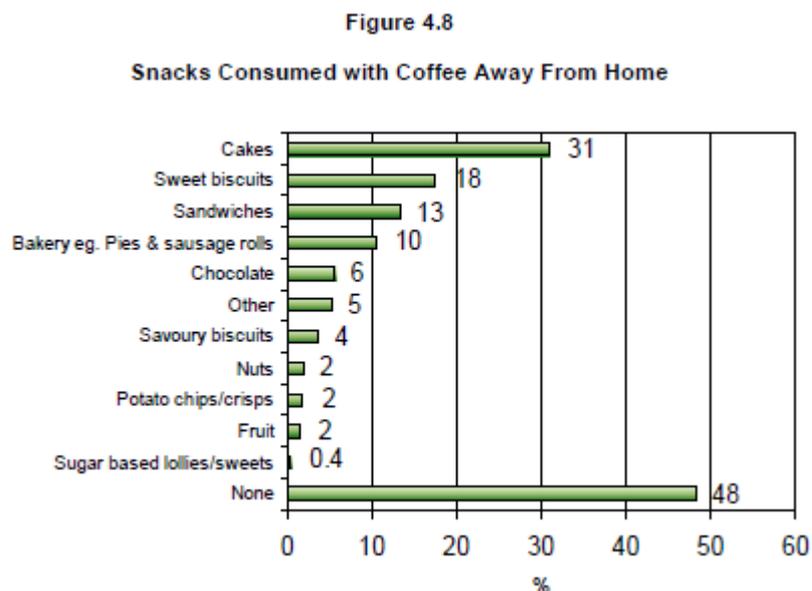
**Table 4.2**  
**Drinking Coffee Occasions Away From Home - Statistically Significant Differences**

<i>Occasion</i>	<i>Statistically Significant Differences</i>	
	<i>High</i>	<i>Low</i>
<b>Meeting friends</b>	Gender – Female (59%)	Male (34%)
<b>On the run</b>	Age – 30-39 (27%)	60+ (12%)
<b>Breakfast</b>	Age - 19-24 (28%), 25-39 (19%), 30-39 (21%), 40-49 (21%), 50-59 (18%)	60+ (7%)
<b>Meeting work Colleagues</b>	Age - 19-24 (10%), 30-39 (11%), 40-49 (9%)	60+ (2%)

*Source: BIS Foodservice 2010*

## Product and Service Offering

Our cafe offers its customers a large variety of food from each cafe outlet. Items offered include Fresh Baguettes and Focaccias, a large variety of salads, a full breakfast menu and fresh pasta. Your Cafe also offers a large variety of sweets and cakes. At the forefront of our pride in product is our espresso coffee. Our blend last year won bronze in the golden bean awards. BIS Shrapnel Pty Ltd 2010 report identifies cakes biscuits and sandwiches as the snacks most consumed at the same time as coffee purchases. Our Cafe stocks all of these items prominently next to the coffee machines at all cafes.



For the full product listing with retail pricing see Appendix

## Unique Selling Proposition



Our Cafe products differ from that of our competition in that all of our product is made fresh daily and of our baristas have nationally recognised certification.

Our customers seek out Our Cafes above other options because of the consistency in our product. Our customers know the food will be consistent across all stores as will our coffee.

Our customer service proposition to our end user customers is:

*"To have customer service that is not just the best, but legendary. To make our customers experience in our stores perfect in every way"*

## *Cafe Pricing*

Please see Appendix for our full product pricing schedule.

All food is presented in refrigerated display units and bain-maries and served over the counter or as table service. With the implementation of our new iPhone/Android/Web-Based ordering system we aim to eliminate waiting times and the need for physical monetary transaction. Our customers or at least our regular customers are able to now order and pay from their offices allocate a time for pick up and simply visit us and pick up their orders.

Our competitors generally only serve customers over the counter with very limited seated dining.

## *Branding Strategy*

Business Logo – Bold and sharp, identifiable from a distance with a Red that draws attention. Red is often where the eye looks first. Red is the colour of energy. It's associated with movement and excitement. People surrounded by red find their heart beating a little faster and often report feeling a bit out of breath. It's absolute the wrong colour for a baby's room but perfect to get people excited. This is the reaction when our customers discover a new Our Cafe Store in the distance.

### **Branded Crockery**

Our crockery is clean and simple and sharply present with our red logo on all plates, cups, saucers, and pots.

(Insert pictures of your crockery)

### **Cafe Layout and Interior**

Insert interior designers concept images of store layout and appearance here.

The look and feel of our stores is fresh contemporary and uncluttered, the aim and feel of our design is to establish your café as a place to be and meet.



## Café Website

The company has a website at [www.mycafe.com.au](http://www.mycafe.com.au)

Insert picture of homepage here.

## Social Media

Our Cafe also has a Facebook fan page with 5675 strong following at <http://www.mycafe.com/>

Insert Screenshot of facebook page

## Brochures & Printed Materials

Brochures and printed material have been designed for distribution to local customers and made available in store. Brochures include our catering menu, a good food guide, with nutritional information and a barista guide empowering our customers with a greater knowledge of coffee and more specifically our own award winning blend of coffee. Please insert brochures and other marketing materials below.

## Cafe Branded iPhone Application

Our iPhone application has drastically reduced queuing in our cafes. Our regulars are now able to order and pay for their food and coffee and pick it up at their required time. This technology will soon be used with iPads on our cafe tables where our customers can order and pay for food from their tables, and simply have their coffee and meals brought to them.

## *Direct Marketing*

We speak to our customers directly with regular brochure and catering order form drop offs scheduled through the year. Catering customer e-mails are collected together with e-mails collected from in store customer feedback forms.

Our e-mail marketing is predominantly utilised to introduce new items and specials offered both in store and from our catering menu. Almost all of our direct correspondence includes an offer of some variety to our customers inciting a call to action



# Financial Plan

## *Start-up Costs*

Insert full List of anticipated start-up costs here.



## *Profit and Loss Statement*

Insert 10 year projected profit and loss forecast here



## *Balance Sheet*

Insert 10 year projected balance sheet forecast here



## *Cash Flow Statement*

Insert 10 year projected cash flow forecast here



## Appendix

Insert Corporate Structure Diagram Here

Insert Your Café Product Price List Here

Insurance – Insert Certificate of Currency or Details of proposed business insurance.

Lease – insert proposed lease/lease details here.

