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**EXECUTIVE SUMMARY**

[Marielle’s Coffee] is a locally-owned, specialty coffee shop that provides a friendly and productive atmosphere for students and professionals who want to study or work in a quiet but bustling environment.

With [60%] of [US] consumers visiting coffee shop chains at least once a month, consumer demand for premium products and experiences are expected to grow in the next three years. Aggressive marketing strategies are essential to the success and profitability of [Marielle’s Coffee]. These marketing strategies include online and social media advertising, promotional efforts, and taste testing activities.

**COMPANY OVERVIEW**

**Mission Statement:** [Marielle’s Coffee] aims to provide caffeine boosts to students and professionals, one cup at a time.

**Philosophy:** [Marielle’s Coffee] engages the community by providing individuals creative space and an environment conducive to learning.

**Vision:** [Marielle’s Coffee] wants to establish itself as a purveyor of the finest coffee in the local area.

**Outlook:** Coffee shops are among the fastest-growing businesses in the retail coffee and snacks store industry. According to the [National Coffee Association of America], the [US] coffee market is estimated to be [$50 billion dollars], with specialty coffee comprising [55%] of its value share.

**Type of Industry:** Retail Coffee and Snacks Store

**Business Structure:** Sole Proprietorship

**Ownership:** Sole Proprietorship, [Marielle Gomez]

**Start-Up Summary**: The start-up cost of [$50,000] shall be provided in full by the owner. This amount shall be used for operating costs including marketing, equipment, supplies, salary, and maintenance.

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| **Start-Up Funding** |
| Start-Up Expenses | $25,000 |
| Start-Up Assets | $25,000 |
| **Total Funding Required** | **$50,000** |
|  |
| Assets |  |
| Non-Cash Assets from Start-Up | $10,000 |
| Cash Requirements from Start-up | $5,000 |
| Additional Cash Raised | $7,000 |
| Cash Balance on Starting Date | $3,000 |
| **Total Assets** | **$25,000** |
|  |
| Capital |  |
| Planned Investment |  |
| Owner | $50,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$50,000** |
| Loss at Start-Up (Start-Up Expenses) | -$25,000 |
| **Total Capital** | **$25,000** |
| **Total Capital and Liabilities** | **$25,000** |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses |  |
| Rent - 6 Months | $6,000 |
| Advertising | $1,000 |
| Legal Fees | $1,000 |
| Staff Training | $12,000 |
| Insurance | $1,000 |
| Other | $4,000 |
| **Total Start-Up Expenses** | **$25,000** |
|  |
| Start-Up Assets |  |
| Cash Required | $5,000 |
| Start-Up Inventory | $3,000 |
| Other Current Assets | $5,000 |
| Long-Term Assets | $12,000 |
| **Total Assets** | **$25,000** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$50,000** |

**PRODUCTS AND SERVICES**

**Product/Service Description:** [Marielle’s Coffee] offers specialty coffee, sandwiches, and pastries for customer consumption.

**Value Proposition:** Despite being a start-up company, [Marielle’s Coffee] is a member of the Specialty Coffee Association, and adheres to the high-quality SCA Standards.

**Pricing Strategy:** [Marielle’s Coffee] uses a combination of menu strategies, price bundling, and customer loyalty discounts.

**MARKETING ANALYSIS**

At least [60%] of [US] consumers visit coffee shop chains at least once a month. Coffee shop operations are influenced by consumer demand for good coffee. About a quarter of coffee consumers indicate coffee quality as the biggest motivation for repeat visits, which leads coffee producers to believe that good coffee trumps other trends in this business sector.

**Market Segmentation**

The primary target market of [Marielle’s Coffee] are adults aged [25-35], who account for [35%] of the total coffee consumers, most of which are in the upper-middle to high-income bracket. Its secondary target market includes adults aged [18-24], positioning itself as a place where students can hang out, study, write papers, and meet friends.



**Target Market Segmentation Strategy**

Customers between [25-35]

* [Marielle’s Coffee] will appeal to this consumer group by creating a space for professionals.
* This consumer group is the target for customer loyalty discounts to encourage them to visit the coffee shop on a regular basis.

Customers between [18-24]

* [Marielle’s Coffee] will appeal to this consumer group, made up of college students, by providing them with fast Internet access and an environment that is conducive to learning so that they may study, write their papers, or have conversations with their friends.
* This consumer group is the target of the price bundling strategy. The savings marketed for combo meals and snacks will encourage them to order food with their drinks.

**STRATEGY AND IMPLEMENTATION**

**Target Market Strategy**

In its aim to increase sales by [8%] in the first year, [Marielle’s Coffee] will reach out to its target audience by conducting coffee-related events such as coffee cupping and latte art seminars, The company will also engage in online marketing efforts such as social media advertising, and feature in local papers and magazines.

**Competitive Edge**

[Marielle’s Coffee] has an advantage over other local coffee shops, thanks to its membership with the SCA, and its combination of pricing strategies to fit any person’s budget.

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| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Marielle’s Coffee | One of the few coffee shops in the area that is a member of the SCA | Limited brand equity | The growing market sees an increase in customer base and revenue | The high cost of market entry can prove problematic |
| Daily Brew | Strong relationship with 3rd-party vendors and suppliers | Very limited menu | Customizing marketing strategies based on location and target market | Problems in the economy will decrease customer spending |
| Cuppa Coffee | Excellent staff and great customer service | Limited marketing budget | Strategic alliance with other businesses helps revenue growth | Newly opened coffee shops pose a threat |

**Sales Strategy and Forecast**

With different marketing strategies and social media efforts, the company targets the following monthly sales:

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By remaining consistent with its coffee quality and exemplary customer service (internal marketing efforts), the table below depicts the projected percentage growth of [Marielle’s Coffee] in [two years]:



**Marketing Strategy**

[Marielle’s Coffee] plans on utilizing both internal and external marketing practices. By maintaining product quality and great customer service, the coffee shop hopes to see repeat business from customers.

The company also hired a marketing manager to help execute marketing strategies such as coffee-related events, maintaining and curating social media accounts and adverts, and writing product features for local magazines.

The strategies to be implemented are discussed in the next table.

**Milestones**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| * Website development
* Social media pages and advertisements
 | * Create an official website
* Create content for social media
 | January 15, 2019 | * 5,000 website hits in 3 months
* 1,500 likes and follows on Facebook, Twitter, and Instagram
 |
| Newspaper and magazine feature of the coffee shop | Publish feature highlighting the coffee shop | March 30, 2019 | * The coffee shop is featured in two local papers.
* The coffee shop is featured in a local magazine and three food blogs.
 |
| Event Campaign: - Produce 1 coffee-related event per month | Possible events:* Coffee cupping
* Latte Art Seminar
* Barista Training
 | Every 2nd Saturday of the Month | * High social media engagement
* Fill up available slots every month (may range from 30-50)
 |

**MANAGEMENT AND PERSONNEL**

As a small sole proprietor coffee shop, [Marielle’s Coffee] consists of a small team of personnel. Marielle Gomez, the owner, serves as the CEO and coffee shop manager. Security, maintenance, and the coffee shop staff report directly to her.

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**FINANCIAL PLAN**

The following financial plan includes projections on the coffee shop’s break-even analysis, profit and loss, balance sheet, and cash flow.

**Break-Even Analysis**

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| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Average Price** | **Variable Costs** | **Contribution Margin** | **Break-Even Units** |
| $20,000.00 | $4.00 | $1.50 | $2.50 | 8,000.00 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Amount** |  | **Variable Costs** | **Per Unit Amount** |
| Rent | 6,000 |  | Production Costs | 0.75 |
| Insurance | 1,000 |  | Utilities | 0.75 |
| Legal Fees | 1,000 |  |  |  |
| Staff Training | 12,000 |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** | **20,000** |  | **Total** | **1.5** |

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| **Fixed Costs** |
| Business Lease - Rent (6 Months) | $6,000 |
| Insurance | $1,000 |
| Legal Fees | $1,000 |
| Staff Training | $12,000 |
| **Total Fixed Costs** | **$20,000** |
|  |  |  |
| **Total Units Sold in 1 Month** | **1,250** |
|  |  |  |
| **Variable Costs (Unit Sold/Cost per Unit)** |
| Production Costs | $1,670 | $0.75 |
| Utility Costs | $1,660 | $0.75 |
|  |  |  |
| **Total Variable Cost (Per Unit)** | **$1.50** |
|  |  |
| **Break-Even** |
| **Selling Price Per Unit** | **$4.00** |
| Break-Even Point Per Unit [Fixed Costs/(Sales Price Per Unit - Variable Cost Per Unit)] | 20,000 |
| 2.50 |
|  |  |  |
| **Break-Even Point in Units** | **8,005** |
|  |  |
| **Contribution Margin (Selling Price - Total Variable Cost)** | **$2.50** |

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| **Profit and Loss Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Sales | $200,000.00 | $250,000.00 | $300,000.00 |
| Direct Cost of Sale | $180,000.00 | $195,000.00 | $200,000.00 |
| Other Cost of Sale | $10,000.00 | $13,000.00 | $15,500.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $10,000.00 | $42,000.00 | $84,500.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $190,000.00 | $208,000.00 | $215,500.00 |
| **Gross Margin % (Gross Profit/Sales)** | **95.00%** | **83.20%** | **71.83%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $12,000.00 | $12,000.00 | $12,000.00 |
| Insurance | $1,000.00 | $1,000.00 | $1,000.00 |
| Utilities | $8,000.00 | $8,000.00 | $8,000.00 |
| Salary (Including Tax) | $36,000.00 | $36,000.00 | $36,000.00 |
| Maintenance & Supplies | $3,000.00 | $4,000.00 | $4,500.00 |
| **Total Operating Expenses** | **$60,000.00** | **$61,000.00** | **$61,500.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | -$50,000.00 | -$19,000.00 | $23,000.00 |
| Depreciation | $4,000.00 | $4,000.00 | $4,000.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $4,000.00 | $5,000.00 | $6,000.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **$126,000.00** | **$142,000.00** | **$148,000.00** |

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| **Balance Sheet Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Cash | $5,000.00 | $165,000.00 | $170,000.00 |
| Accounts Receivable | $130,000.00 | $150,000.00 | $170,000.00 |
| Inventory | $3,000.00 | $5,000.00 | $6,000.00 |
| Other Current Assets | $50,000.00 | $60,000.00 | $8,000.00 |
| Total Current Assets | **$188,000.00** | **$380,000.00** | **$354,000.00** |
|  |  |  |  |
| Long-Term Assets | $12,000.00 | $7,000.00 | $6,000.00 |
| Accumulated Depreciation | $1,200.00 | $2,500.00 | $2,000.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $10,800.00 | $4,500.00 | $4,000.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$198,800.00** | **$384,500.00** | **$358,000.00** |
|  |  |  |  |
| Accounts Payable | $10,000.00 | $30,000.00 | $15,000.00 |
| Notes Payable | $5,000.00 | $6,000.00 | $8,000.00 |
| Other | $3,500.00 | $7,000.00 | $5,000.00 |
| Total Liabilities | **$18,500.00** | **$43,000.00** | **$28,000.00** |
|  |  |  |  |
| Paid-in Capital | $5,000.00 | $5,000.00 | $5,000.00 |
| Retained Earnings | $126,000.00 | $142,000.00 | $148,000.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$180,300.00** | **$341,500.00** | **$330,000.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **10.26%** | **12.59%** | **8.48%** |

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| **Cash Flow Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Operating Cash Beginning | $30,000.00 | $187,000.00 | $395,000.00 |
|  |  |  |  |
| **Sources of Cash** | $5,000.00 | $7,000.00 | $10,000.00 |
| Receivables | $7,000.00 | $5,000.00 | $7,500.00 |
| Sales | $200,000.00 | $250,000.00 | $300,000.00 |
| Others | $5,000.00 | $7,000.00 | $8,000.00 |
| **Total Cash** | **$247,000.00** | **$456,000.00** | **$720,500.00** |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $12,000.00 | $12,000.00 | $12,000.00 |
| Insurance | $1,000.00 | $1,000.00 | $1,000.00 |
| Utilities | $8,000.00 | $8,000.00 | $8,000.00 |
| Salary (Including Tax) | $36,000.00 | $36,000.00 | $36,000.00 |
| Maintenance & Supplies | $3,000.00 | $4,000.00 | $4,500.00 |
| **Total Expenditures** | **$60,000.00** | **$61,000.00** | **$61,500.00** |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$187,000.00** | **$395,000.00** | **$659,000.00** |