

MBA in General Management, UWTSD

Module: LCMB7004 Entrepreneurship

Assessment 2: A Business Plan for '*Breakfast First!*'

Yi-Chen Cheng (1902780)

1. Executive Summary

1.1. Executive Summary

While Barringer (2015) suggested the importance of Executive Summary for a business plan so as to show the new venture's distinctive nature, *Breakfast First!* is aimed to be a family-owned boutique restaurant with a niche in breakfast-style services that will be in either Canary Wharf or Canada Water. *Breakfast First!* is aware of the potential competitors in the markets which is why the feasibility studies and market survey have been conducted accordingly. We have a wide array of breakfast suitable food options for our customers, and *Breakfast First!* will provide various payment options for our customers such as Click& Collect and *Breakfast First!*'s exclusive app. *Breakfast First!* is going to be a customer-centric breakfast restaurant business with an innovative service culture that will be deeply implemented in our organisational structure.

1.2. Our Mission Statement

Barney and Hesterly (2019) and Barringer (2015) both agreed a good Mission Statement will define why a company established and where it will lead to. For *Breakfast First!*, our vision is to establish a family-style restaurant business that will sell franchises across the UK. Every *Breakfast First!* shop will have its unique menu serving different types of breakfast. Our short-term to long-term business goals will be:

Short-term	Steady progress in our first shop
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Mid-term	Gradually expanding the business by opening a few shops in both South and North London
Long-term	Themed restaurants in every corner of London. We will introduce Asian (Japanese, Korean, Chinese, etc.), American, Latin American and European (French, Italian, Spanish, etc.) fusion breakfast respectively in the following years. Every culture has its unique dishes and <i>Breakfast First</i> will combine the difference with our own recipe.

1.3. The Market Need:

One common trend in the industry is that, the more the varieties of meals ***Breakfast First!*** can serve the easier for ***Breakfast First!*** to welcome customers from different cultures and classes of society. But ***Breakfast First!*** is targeted to do more and will draw on the concept of Product Differentiation adopted by Barney and Hesterly (2019). Barney and Hesterly concluded that Product Differentiation will add value to the products then market price can be greater than the original price.

Breakfast First! will serve our customers freshly-made healthier fast food, compared to our competitors who normally prepare pre-cooked ingredients for customers. Also, the pricing strategy for ***Breakfast First!*** is why we stand out from the competitors.

1.4. Our Solution

In the market, breakfast restaurant is such a business that you can hardly find someone who does not patronise them since everybody eats breakfast as their first meal or brunch. Most breakfast restaurants now have menu options for people on different diets. For ***Breakfast First***, we simply the options to 20 sandwiches and 10 beverages without reducing any quality of the food. Our target customers are the following groups of people who work and/or live in Canary Wharf or Canada Water:

- Busy businessmen and businesswomen
- Event/Party planners
- Students
- Tourists
- Households

2. Company Description

2.1. Our Products and Services Offerings

Breakfast First! will be in the chain restaurant industry to make profits and we will ensure we make available well-prepared local and intercontinental breakfast suitable dishes and drinks to our clients. Our product and service offerings are listed below;

- Breakfast meals: 20 freshly-made customised sandwiches, choose what you fancy.
- Beverage/Coffee
- Fruits and salads

2.2. Competitive Advantage

1.1. “A firm has a competitive advantage when it creates more economic value than its rivals” is the definition of Competitive Advantage made by Barney and Hesterly (2019). According to Barney and Hesterly’s further interpretation of economic value which is the difference between what customers are willing to pay and the cost of that product/service, **Breakfast First!**’s exclusive competitive advantages are:

- 1.1.1. **Branding:** **Breakfast First!** specialises in local, sustainable fast food, we will have a cross-marketing campaign with farmers in England and serve the fresh food for our customers.
- 1.1.2. **Customer Service:** We will your customers for feedback and show that we care about their responses by implementing changes based on the information you receive. Take complaints seriously and work to satisfy displeased customers in the short term while taking steps to avoid similar complaints in the long term.
- 1.1.3. **Location:** Location is often a vital element in a restaurant's success. **Breakfast First!** will be located in an area with ample foot traffic for the locals in Canary Wharf or Canada Water.
- 1.1.4. **Quality and Consistency:** **Breakfast First!** will pay close attention to quality and provide a consistent product that will make customers eager to return. Our hands-on Cooks and Operation Manager will ensure quality control of the ingredients, recipes and dishes we use. Consistent high quality also attracts reviews and media attention, which provide invaluable exposure.

2. Business Structure

Breakfast First! will ensure that our staffs are competitive, innovative and enthusiastic and are ready to work to help us build a prosperous business that will benefit all our stakeholders. In view of that, we have decided to hire qualified and competent hands to occupy the following positions;

- Operation Manager
- Human Resources Manager
- Cooks
- Business Development Manager
- Finance
- Waiters/Waitress

3. Market Research

3.1. SWOT Analysis

Porter (1996) indicated that SWOT analysis can also be used for generating ideas and solutions and conducting strategic planning. For ***Breakfast First!***, it will help us create a business model that will help us achieve our business goals and objectives by adopting a thorough SWOT analysis. The following table is the summary of the SWOT analysis that was conducted for ***Breakfast First!***

Strength: Our location is in fact one of our major strengths.	Weakness: Breakfast First! is a new business which is owned by an individual (family), and we may not have the financial muscle to sustain the kind of publicity we want to give our business and also to attract some of the well – experienced chefs in the industry.
Opportunities: Our business concept also positioned us to be a one stop shop. The truth is that there are no standard breakfast restaurants within the area where ours is going to be located.	Threat: Some of the threats that are likely going to confront Breakfast First! are unfavorable government policies, seasonal fluctuations, demographic / social factors, downturn in the economy which is likely going to affect consumers spending and of course emergence of new competitors within the same location where ours is located.

3.2. Porter's Five Forces Analysis

Grundy (2006) and Dobbs (2014) both indicated that Five Forces Analysis can help companies to identify what factors will have impact on their profitability and try to mitigate and find better solutions accordingly, especially when it comes to “whether to enter a specific industry; whether to increase capacity in a

specific industry; and developing competitive strategies”(Chartered Global Management Accountant, CGMA). The following information is the application of Porter's Five Forces Analysis to *Breakfast First!*:

Competitive rivalry or competition – Strong Force	High number of firms – Strong Force High aggressiveness of firms – Strong Force Low switching costs – Strong Force
Bargaining power of buyers or customers – Strong Force	Low switching costs – Strong Force Large number of providers – Strong Force High availability of substitutes – Strong Force
Bargaining power of suppliers – Weak Force	Large number of suppliers – Weak Force Low forward vertical integration of suppliers – Weak Force High overall supply – Weak Force
Threat of substitutes or substitution – Strong Force	High substitute availability – Strong Force Low switching costs – Strong Force High performance-to-cost ratio of substitutes – Strong Force
Threat of new entrants or new entry – Moderate Force	Low switching costs – Strong Force Highly variable capital cost – Moderate Force High cost of brand development – Weak Force

To conclude this Five Forces analysis, the strategic issues related to competition, consumers and substitutes play pivotal roles when deciding whether to enter into this market, while other forces, namely the bargaining powers of suppliers and the threat of new entrants, are also significant to the business, albeit to a lower extent. As such, a better solution can be reached by building on the strengths mentioned in the SWOT analysis.

3.3. PESTLE Analysis

PESTLE is widely considered to be one of the most effective analytical tools used to analyse the impacts of external factors on the company (CIPD, 2018). External forces acting on *Breakfast First!* will include:

Political	• Brexit. Unknown future relationships with EU and other countries after Brexit • The possibilities of Second referendum and/or General election • Immigration policies after Brexit
Economic	• Upturns in the economy may increase a discriminating palate • Continuing Economic growth may lead to a faster expansion of the Breakfast First!'s service offering • Changes in interest rates within the UK may reduce or increase costs and the level of profit the company may make
Sociological	• Growing need for different types of food as London is the vast melting pot and full of tourists • Increasing development of European-Asian fusion • Breakfast First! is a style of living which serves healthy fast food
Technological	• Improvements in technology will create better service provision for all • Automated processes will enable better ordering processes
Legal	• Coping with the uncertain Brexit policies and managing the potential risks responsively • Changes in Government legislation may change the ongoing Health and Safety requirements for restaurants
Environmental	• Providing an environmentally friendly solution by implementing plastic free policies • Reusable or biodegradable packaging

4. Marketing Plan

4.1. Competitor Analysis

Main competitors are Pret, Subway and McDonald's. Both none of them can provide the same food as ***Breakfast First!*** does. We will not start preparing food until we receive orders from customers, either online or in-store. Our exclusive menus for 20 sandwiches and 10 beverages set for encouraging customers to try something different and interesting on a daily basis.

4.2. Sales and Marketing Strategy

The marketing strategy for ***Breakfast First!*** is going to be driven basically by tasty and sumptuous meals suitable for breakfast or brunch, excellent customers service and quality service delivery (eg. Click & Collect service or ***Breakfast First!***'s app). ***Breakfast First!*** is set to make use of the following marketing and sales strategies to attract clients.

- ***Breakfast First!*** has put plans in place to offer discount services once in a while and also to reward our loyal customers.
- On Opening Day, we will invite our neighbours to join us with a special offer 20% off on that day.
- 10 % off for student all year.
- Constantly introduce our breakfast restaurant business by advertising on Facebook, Instagram and Twitter.
- Buy one get one free on every Tuesday to boost the revenue.

4.3. Pricing Strategy

Barringer (2015) explained why Price is an important issue for start-ups because

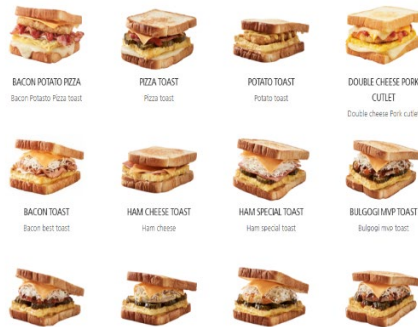
it determines how much a company can earn and the target customers may make decisions based on the price. Although there are two different approaches for deciding the price of product/service, namely, value-based pricing and cost-based pricing, **Breakfast First!** has adopted the value-based pricing method by perceiving the value of the products and similar products provided by Pret, Subway and McDonald's on the markets (Barringer, 2015).

In **Breakfast First!**, we provide 20 different flavoured freshly made HOT sandwiches + 10 beverages

Special Toast



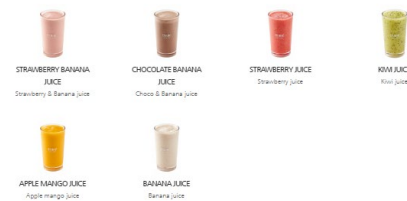
White bread



Sparkling



Fruit juice



Shake



- A. £6 for sandwich
- B. £3 for beverage

There is a need for **Breakfast First!** which aimed at providing healthy fast food for people in Canary Wharf or Canada Water who mostly care about the quality of food.

- **Payment Options**

Order online via **Breakfast First!**'s app, Click & Collect services and in-store service.

4.4. Sustainability Strategy

Barney and Hesterly (2019) suggested that a sustainability strategy plan can provide an opportunity to review what companies have been achieved and

identify and mitigate the risks and prepare for the upcoming opportunities facing the business. It also provides the framework to review, adjust and focus activities into an authentic form that is unique to the company and can differentiate it from peers.

For ***Breakfast First!***, it will be a start-up and 100% family business, we aim to expand slowly and gradually. We will initially focus on our products and services to gain our reputation from south-east Londoners. We understand our uniqueness and we will adopt it thoroughly. The location and excellent food and service will let us stand out from competitors. However, we are aware of the potential risks that we might encounter such as increasing rent, government policies and potential workforce shortages after Brexit. (Barney and Hesterly also suggested that flexibility is one of the main factors when it comes to Sustainability Strategy.) But we do see the opportunities in front of us and the unstable situation might be mitigated after 31 October 2019, therefore, hopefully, ***Breakfast First!*** can be the first outlet to remind Londoners that London is a melting pot, and everyone is a Londoner. By doing this, let's have breakfast first (***Breakfast First!***).

5. Operational Plan

5.1. Location and Premises

The company will be located in London U.K. one of the world's leading centres of commerce

5.2. Taxes

Allowances will be made for corporation tax at 20% to be paid nine months following the completion of the first year of trading. PAYE payment will be coordinated by the company's payroll bureau. The VAT will be paid quarterly as and when required.

6. Financial Forecast

6.1. Financial Highlights Summary

We are in the Breakfast restaurant industry to maximize profits and we are going to ensure that we achieve our business goals and objectives. In essence, our source of income will be the preparing and sale of;

- Breakfast meals
- Coffee/ Beverage sales

6.2. Sales Forecast

Breakfast First! has 20 seats, and the average sandwich would cost £6 for food and £3 for a drink.

6.2.1. For breakfast

Eat-in:

20 units x £6 per unit = £120

30 units x £3 per unit (drink) = £90

Take-away:

40 units x £6 per unit = £240

50 units x £3 per unit (drink) = £150

Conclusion: £600 at full breakfast capacity

6.2.2. For lunch

Eat-in:

20 units x £6 per unit = £120

20 units x £3 per unit (drink) = £60

Take-away:

20 units x £6 per unit = £240

40 units x £3 per unit (drink) = £120

Conclusion: £540 at full lunch capacity

6.3. *Breakfast First!* anticipates selling at half capacity on slow days (Mondays and Tuesdays) vs. full capacity on busy days (Wednesdays to Saturdays). Not open on Sundays. The anticipated sales per week might look something like this:

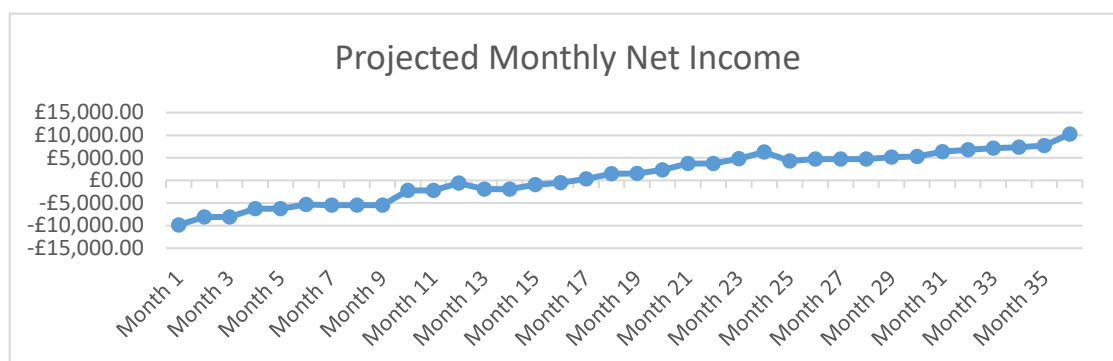
Monday: £570
Tuesday: £570
Wednesday: £1140
Thursday: £1140
Friday: £1140
Saturday: £1140
Sunday: £0
Weekly average = £814/day

6.4. Projected Expenses

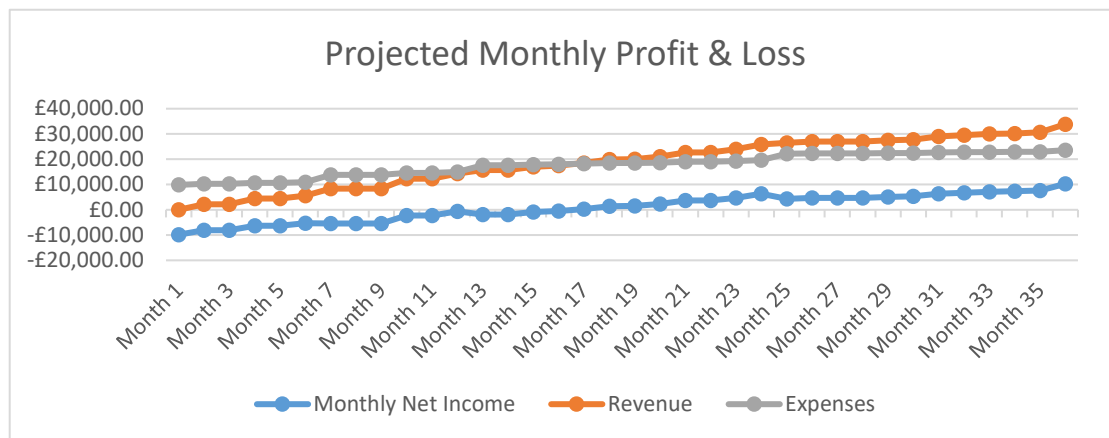
STARTUP EXPENSES	AMOUNT	NOTES
Cooking Equipment	£ 7,500.00	
Leasehold Improvements	£ 50,000.00	

POS set up, reservation, payment	£	2,000.00	
Lawyer (incorporation, lease, review)	£	3,000.00	
Accountant (tax structure, book keeping)	£	2,000.00	
Architect/Designer	£	2,750.00	
Bank (accounts and fees)	£	500.00	
Loan Registration Fee	£	3,500.00	
Website design, social media	£	1,500.00	
Advertising	£	1,000.00	
Graphics, logo, menu design	£	1,200.00	
Training	£	3,000.00	
Permits (plumbing, fire, health & safety)	£	10,000.00	
Signage	£	3,000.00	
Fire Suppression Inspection	£	1,500.00	
Insurance	£	3,500.00	
Rent Deposit	£	8,000.00	
First months rent (incl. tax)	£	4,000.00	
Water/Utility/Service deposits	£	2,000.00	
Opening food inventory	£	2,500.00	
Opening beverage inventory	£	2,000.00	
Opening cleaning/paper inventory	£	1,500.00	
Miscellaneous	£	2,319.00	
TOTAL STARTUP EXPENSES	£	118,269.00	

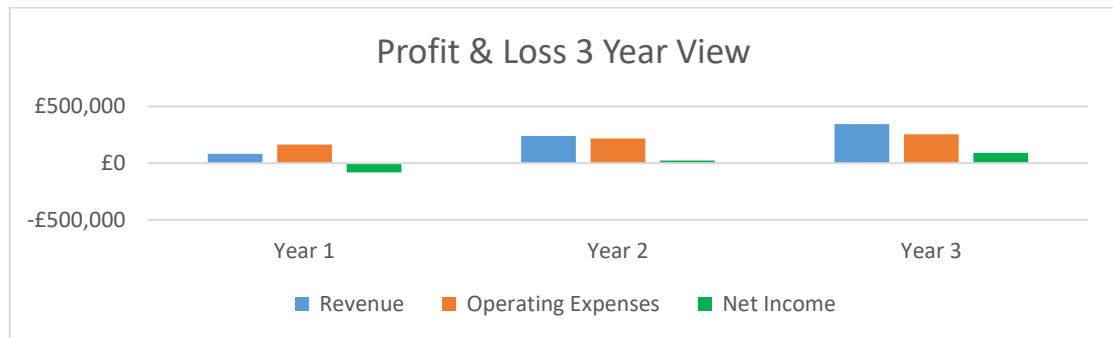
6.5. Projected Monthly Net Income



6.6. Projected Monthly Profit and loss



6.7. Profit and Loss 3 Year View



6.8. Further Assumptions

The initial estimate is based on the value of the market and performance achieved by competitive businesses. A more accurate long-term profit and loss forecast will be established once the first year of trading has been completed. Overall, it is a profitable business and the net income and revenue will gradually increase.

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