

**Managing Enterprise in
the 21st Century coffee
shop business plan
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Executive summary

This study has focused on preparing a business plan for a coffee shop. Every aspect of a business plan has been discussed in detail. The detailed business description has been mentioned. The reason behind choosing a coffee shop business has been discussed. Moreover, this study will shed light on the history of the coffee shop industry. The business structure which will be followed by the coffee shop ' Mugs & Magic' has been analysed. The products and services which will be offered by the coffee shop have been described in detail. Then it is discussed the market analysis of the UK market by helping with pestle analysis and Porter's analysis. And how these six stages of pestle analysis will help the new business as well as throw an impact on this business. And also here is discussed about Porter's analysis to understand the condition of the market very well. The company will focus on the operation and their various staff like customer service, logistics, production, and others. In the technology plan, the company will implement some technology that will aid the company to provide customized coffee. After that, the company will focus on the management as well as the organization system. After that, the company will make the development plan and set the milestone plan as well as some exit plan.

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Introduction

The study aims to build a business plan for a coffee shop. This study will discuss every aspect of the business in detail. The demand for coffee shops is increasing day by day. That is why it will be profitable to open a coffee shop. This study will shed light on every aspect of a business from how to start a coffee shop to how to make it successful. Various types of coffee and beautiful latte art designs are gaining popularity. This shop will focus on this aspect and come up with better quality and unique customization. It will set apart this shop from its competitors. Moreover, people are leaning towards a healthy diet and trying to add healthy coffee to their diet. That is why this shop will add healthy coffee to its menu to attract a large number of customers. The business structure which the coffee shop will follow will be discussed. In addition to these, this study will cast light on the products and services offered by this shop in detail. It will demonstrate what products will be offered by the shop and what will be the special features of it. Apart from these, market analysis will be done based on PESTLE analysis and Porter's five forces which will help the coffee shop get an idea of external environmental factors that will impact the business. The operations of the coffee shop will be predetermined which will aid it in conducting all the business functions efficiently. The management team will implement some strategies to thrive in the market. In the end, the development plan and financial plan will be discussed.

Business description and history

The business plans to start a coffee shop. The name of the shop will be **Mugs & Magic**. This coffee shop will provide the customers with different types of coffee and various baked foods. Mugs & Magic has been chosen as the name of the coffee shop because every mug of coffee offered by this coffee shop will have the potential to create magical feelings in customers' life. The coffee shop will be located in **Edinburgh**, Scotland. The interior of the coffee shop will be decorated beautifully which will create soothing vibes in customers' minds and will be ideal for recreation.

This coffee shop will target customers of any age group but the main focus will be on youngsters. Because college and school-going students prefer to spend time in a beautiful place while sipping coffee. They can click beautiful pictures here as well. This coffee shop will also focus on office-going customers as a peaceful recreation will be extremely preferable to them after doing hard work in the office. Moreover, this coffee shop will have a strong online presence. Customers can check out the items offered by this shop on its official website as well as on its social media handles. As a consequence, people who spend a long period on social media and websites will be tactfully targeted. The consumer base of this coffee shop will be large as coffee shops are highly in demand in the modern age.

The reason behind choosing this business idea

The coffee shops are greatly in demand. There are a lot of opportunities for a coffee shop to achieve success quickly in the market. The World Coffee Portal's 2021 survey has found that more than one-fifth of coffee drinkers in the United Kingdom drink four or more mugs of coffee each day. Moreover, this survey showed that more than one-fifth of the drinkers go to a coffee shop more than three times each week (Esquirescoffee. co, 2022)). It gives rise to huge opportunities for a coffee shop to achieve success quickly. Various types of coffee are emerging and diverse customization options are also gaining popularity. These facilities provide a lot of chances for a coffee shop to thrive in the market. Furthermore, coffee shops can also provide all kinds of snacks and other beverages. These facilities make a coffee shop ideal for recreation. In today's fast-paced world, every person is getting busy and their hectic life schedule makes them feel frustrated. A beautifully decorated coffee shop that offers delicious coffee and tasty snacks is an ideal solution for getting relaxed which in turn will boost productivity. As a result, opening a coffee shop now is one of the best business ideas ever. Though people can prepare coffee at home, the quality of coffee offered by the coffee shop is far better than homemade coffee. The customers receive a heavenly experience by drinking high-quality coffee made by professional streamers and coffee machines. That is why they feel attracted to coffee shops. It has also been found that customers are avoiding easy and quick coffee nowadays. Instead, they are looking for unique ideas and amazing flavors (Esquirescoffee. co, 2022). This coffee shop will focus on this aspect. It will offer customized coffee which is in high demand. This will have a huge potential to attract a large number of customers which will in turn make this shop profitable. Furthermore, nowadays people are becoming aware of what types of foods and drinks they intake. They are leaning towards having healthy food and drinks. It has been found that more consumers are tending to make coffee an integral part of their healthy diet. That is why. They prefer to have coffee that is free of cream, milk, and sugar (Esquirescoffee.co, 2022). This coffee shop will keep this in mind and include healthy coffee on its menu. It can create a huge customer base for this coffee shop.

History of the coffee shop industry

It is said that the first cafe opened in 1550 in Constantinople. After that several cafes opened in France, Italy, England, and Germany in the seventeenth century. After the mid-seventeenth century within two hundred years, the most premium coffee shop thrived in London. It was utilized by the people for discussion and getting news. Later, coffee houses turned into informal locations for the distribution and collection of letters and packets. During the same time, the popularity of literature and painting gained momentum which made the coffee houses famous as artists, writers, and intellectuals used to come there to discuss their ideas. Moreover, they used to draw and write in those peaceful coffee houses. Coffee shops

continued as a famous spot for socializing during the twentieth and early twenty-first centuries in France. Espresso and other kinds of special coffees gained popularity in the United States in the late twentieth century. Several restaurants started offering special kinds of coffee to attract customers. Several coffee shops started giving Internet access to customers in the twenty-first century which led to the advent of Internet coffee shops (Britannica, 2023).

Business structure

This coffee shop business will implement a Hierarchical structure in its business organization. This structure assigns the authority of a business based on a pyramid model. The most trustworthy professionals are positioned at the top and general employees are positioned at the bottom. This structure offers a chain of order in a business organization that starts with senior executives and management and stretches up to general employees. There are several benefits of a hierarchical structure. It helps to create a proper and specific promotion and career path. In a hierarchical structure, employees can efficiently comprehend the different chains of command. As the promotional opportunities are clear to employees, they feel drawn and stay in the company to reach the top positions. Furthermore, promotions boost the productivity of the employee and help them to feel motivated. This structure gives rise to effective communication and leadership. It aids the employees in comprehending the different levels of leadership. They clearly understand from whom they can get advice and support and to whom they need to give the reports and updates. In addition to this, this structure promotes collaboration and communication among the team members (Bbc.co, 2023). Distribution of authority becomes easy in a hierarchical structure. If one entity manages all authority, sometimes all tasks get disordered. In a hierarchical structure, senior executives and managers emphasized making decisions that have a huge impact on the entire business organization. And the supervisors hold the essential authority to manage the daily activities of the employees. It helps in running all activities of an organization smoothly. Moreover, it becomes easy to closely scrutinize the performance of the employees as there are different levels of management in the hierarchical structure. It ensures that all the activities in the organization are done efficiently which in turn boosts the growth of the organisation. This structure gives rise to a strong sense of loyalty towards departments, teams, and the company (Nibusinessinfo.co, 2023).

Mugs & Magic will follow this hierarchical structure to engage the employees in their delegated work on a deeper level and boost their productivity. As all the activities are properly distributed among the employees, they become professional and specialized in a definite field. An organization with specialized employees can certainly provide the consumers with high-quality services and products which in turn help them to stay ahead of their rivals.

However, there are several disadvantages of this structure that need to be dealt with tactfully. Some of the disadvantages are that it leads to complex chains of orders which reduces the

pace of decision-making. Slow decision-making hinders the daily activities of an organization which in turn harms its growth of it. Due to many levels of management, sometimes it becomes difficult for the employees to connect with every level of management. There is a lack of autonomy in the hierarchical structure which leads to negative implications on the manager-employee relationship. The employees of the organization which follow this structure suffer from less flexibility in case of responding and adapting to market pressures (Johnson, 2019).

Product or service description

Mugs & Magic will offer various kinds of best-quality coffees with beautiful customization. Coffee can be prepared at home. Despite that, people go to coffee shops and spend money to relish high-quality coffee that can refresh them. That is why, the main focus of the Mugs & Magic will be on the quality. Apart from this, the shop will emphasize customized coffee. It has the potential to attract a large number of customers. In addition to coffee, this shop will provide different kinds of snacks that will complement the delicious coffee. This shop will serve as a one-stop shop for the customers. Moreover, it will provide the customers with excellent flavors. Mugs & Magic will also focus on the interiors of it as it aims to offer good recreation place to the consumers. The ambiance of this shop will be soothing and filled with greenery which will make the customers feel connected to nature. After a hectic busy schedule, this coffee shop will reduce their stress level and make them feel relaxed. A coffee shop is not just about having coffee. People expect more than this from it. That is why, this coffee shop will try to provide the best quality coffee in an excellent atmosphere.

As the demand for great quality coffee is increasing day by day, customers are leaning towards artisanal coffee. Mugs & Magic will offer artisanal coffee on its menu to broaden its customer base. Furthermore, people are leaning towards healthy eating habits nowadays. They are becoming conscious of what they eat or drink. This shop will offer healthy coffee which will be free of cream, added sugar, and milk. Customers who are willing to add coffee to their healthy diet will benefit from this kind of coffee. Ethical and sustainable practices are getting huge attention nowadays. Customers tend to rely on those shops that follow ethical and sustainable practices. That is why, Mugs & Magic will try to implement sustainable practices in their shop and will collect the raw materials from organic sources.

Mugs & Magic will offer a workplace for artists, writers, and people who want to work in a calm environment. Students can also study here. This shop will provide a homely, warm and calm feel which will help them to concentrate on their work. The number of people working from home has gained momentum. This coffee shop will offer a great ambiance for working efficiently.

Market Analysis and Trends

Market analysis is a type of detailed plan about any type of business for targeting the various markets to snatch that market from their competitive rivalry. This analysis can be done with any type of industry or different types of businesses.

Political

For opening a new coffee business in the market of UK the business should observe some political aspects such as the country's trade relations with other countries whose markets are very profitable for the business as well as the economic condition of that country and also legislative situations of that country to operate the business smoothly. The various types of coffee businesses are very much dependent on international trade. The different coffee producers who are known as the world's largest as well as biggest coffee producers are situated in Asia as well as Africa and also in South America. But this drink is very popular in North America as well as in Europe. So it is very important to maintain good trade relations between the coffee-producing countries and the coffee-consuming countries because trade relationships between these countries determine the price tag which is final for the final packaged coffee products. The final price tag impacts the sales of the coffee. The trade agreements which are international between the countries are fair enough which is a success of the coffee industry. But after Brexit, the coffee industry of the UK is facing some problems. One of them is a labor shortage. The laborers who were coming from different EU countries to work in the coffee industry of the UK, now they are unable to work in the UK because of Brexit. After Brexit, another big problem has arisen in transportation because of driver shortages. So Mugs & Magic have to face the various impacts of Brexit if they want to open a business in the UK (CBI, 2021).

Economical

The various economies in the world are continuously growing as well as the income of the consumers of these countries is also growing. It indicates that the consumers of various countries are spending more money every year. It can have a huge impact hugely on the coffee industry. As consumers get richer they like to consume more coffee and spend time in the various coffee shops. But COVID-19 has put a big impact on the coffee industry of every country along with the UK. COVID-19 has decreased the huge amount of sales of coffee as well as has shut down many coffee shops. After COVID 19 the UK coffee industry has faced a huge loss which amounts to 63 million pounds (Guido et al. 2020). After the effect of COVID-19, many people have lost their job so the purchasing power of many people has decreased and they are consuming less. On the other hand, due to the rising inflation in the UK, the cost of the laborers as well as the cost of basic daily commodities has hugely increased. Of that, the rate of the coffee has also increased. Which impacts a decrease in the trends of home-

coffee consumption. So Mugs & Magic have to face these economic issues in the market of the UK if they want to open businesses (Purdue, 2023).

Social

In this century a lot of changes have happened in society. The people of various societies are more health conscious. Nowadays they always make healthy choices when it comes to food. They now want to eat better food. Various studies confirmed that consuming coffee is very unhealthy. So health-conscious people are avoiding consuming coffee now. So it is impacting coffee sales in various countries. So Mugs & Magic have to face this social issue if they want to open a business in the UK.

Technological

Technologies have brought various opportunities to businesses. Nowadays genetic engineering modifies the different drinks as well as the coffee in the drink industries. This technology is producing various types of coffee and makes a fusion of the flavors of the coffee. These types of coffee are very popular as well as acceptable to consumers. So Mugs and Magic will be benefited after opening their business if they use this technology.

Legal

There are various laws related to maintaining the standard of food and drinks in various countries along with the UK. The law is related to how to store coffee as well as transport and also brew it. But safe coffee handling is very easy. These laws will help Mugs and Magic to maintain their standard and will increase their sales.

Environmental

As the world is facing various issues related to the environment like CO₂ emission. On the other hand, some issues are related to farming such as fertilizers as well as pesticides, and also water consumption. So it is so important to shift to sustainable farming practices. It can increase the cost of raw materials. So Mugs and Magic may face this issue (Bush, 2022).

Competitive Rivalry

As there are various premium coffee brands already present in the market of the UK such as Lavazza as well as Senseo and the start-up cost of any business is very high in this market the competitive rivalry of Mugs and Magic will be very high when they will open their business (penny paper, 2023).

Buyers powers

In the UK various people prefer tea more than various types of coffee products. There are very low switching costs as well as various product diversity in the coffee industry on the other hand the coffee shops which are homemade and the motorways stations are the retail channels of hot drinks in the market of the UK. So buyer power is moderate in this market. So if Mugs and Magic wants to target some customers it has to give some discount.

Suppliers powers

The various suppliers of the coffee beans are largely located in different countries. In that country, various matters such as the presence of independent farmers as well as the quality of different coffee beans decrease the bargaining power of various suppliers. On the other hand, there is a good supply chain for coffee. On this note, the suppliers' power is very low (penny paper, 2023).

The threat of New Entrants

The new entrants in the coffee industry are trying to differentiate their offers by increasing the quality of the coffee bean and also emphasizing taste. The switching cost of the customers which is very low opens market opportunities for the new entrants. On the other hand, the reputed coffee brand can create a competitive barrier for the new entrants. So the threat of new entrants in the market in the UK is moderate.

Threat of Substitutes

Tea as well as coffee are hot drinks that are very popular in the UK. These are the traditional drinks of the UK. But some people in the UK prefer to consume functional drinks more than traditional drinks to prevent the consumption of caffeine but the number of these people is very low. So the threat of substitutes is very low in the market in the UK (Penny paper, 2023).

Operations

As mentioned above, Mugs & Magic is a coffee shop company that is going to launch in the market of Scotland and Edinburgh. This coffee shop will provide a magical and unique experience to their new customers related to coffee lovers (Rossi *et al.* 2022). For the accomplishment of the organizational goal, it is very essential to move with a comprehensive plan of operation. In this way, there will be the incorporation of marketing, production, customer services as well as logistics because these are the necessary elements of the operation.

Marketing

In the section of marketing Mugs & Magic will focus on making a strong online presence in the market so that the company can reach out to their target customers. In this way, the company will create a website and through the help of this website, the company will demonstrate its product and services to attract customers. This website will be created based on search engine optimization so that it can become easy for potential customers. Apart from these, the company will drive its marketing through the support of Instagram, Facebook, and Twitter, and also the company will expand its efforts to increase customer engagement.

Production

In the operation, this is a very crucial stage that helps to understand the operation of the company. In this way, Mugs & Magic will lay numerous coffee blends, teas as well as other beverages. The company will source its coffee from sustainable and ethical sources and in this process, the company will focus on higher-quality products. In addition to this, the

company will make them available for a range of snacks as well as pastries and other beverages. Along with these, there will be a warm and comfortable setting area for the customers.

Logistics

For smooth logistics in Mugs & Magic, the company will lay its focus on hiring qualified and experienced staff. After that, the company will provide efficient training to their staff along with the implementation of the new technologies (Kumar *et al.* 2022). Through the help of these things, the company will provide a higher level of satisfaction to the customers.

Customer Services

In the context of customer service, Mugs & Magic will focus on making a relaxing and comfortable environment for their clients. In addition to this, the company will create a friendly environment and the company will also launch a loyalty program where the company will give rewards to their consecutive customers. Through the help of implementation of these services, it will attract the customer to give first preference to this company.

Technology Plan

The company will keep its foot in the market with the proper technology plan and it will provide great assistance to the company to attract a larger number of customers towards it (Razmjoo *et al.* 2022). In this coffee industry, the company will implement various technologies in this business that will provide great assistance to the company.

Point of Sale (POS) system

This is a very essential element in the business and it will be implemented in Mugs & Magic because it will aid the company to manage its customers' data, inventory, as well as sales of the company. Through the help of these technologies, the company will be able to know about the current trend and track it. It will help the company to know what products need to stock. In this way, the company will become able to provide great services to its customers.

Mobile Ordering

This is also a very crucial technology that leads to increasing the comfort level of the customers. After implementing this system in this company, the customer will be able to book their coffee with the help of their smartphone. It can be seen that this technology not only enhances the satisfaction level of the customer but also reduces the time. After that make payment in the same way and it is very convenient for the company as well as for the customers.

Wi-Fi connectivity

In Mugs & Magic, the company will provide wi-fi connectivity that will support the customers to enhance their experience in this company. At the time of tasting coffee, the customers can browse the internet. The facility of the Internet will enhance customer satisfaction because in recent times any customers looking for access to a restaurant and coffee industry.

Online Order and Delivery

Through the help of a website Mugs & Magic will keep an option to make online orders and the company will deliver those items to the customers. It will assist the customers to place their orders from the office or home and in this way the company will provide secure and reliable delivery. These things will aid the company to grow in the market.

Smart Coffee Machines

The company will also implement smart coffee machines and through the help of this, the company will be able to make the different kinds of coffee as per the customer preference. If the customer will consume the goods as per their desired taste then they will prefer to the same place for the coffee as well as for the other beverage.

Management and Organization

In the UK, Mugs & Magic is going to initiate their business from Scotland and Edinburgh, and to this, the company will move to other places in the UK (Cheng, 2022). For this company, it is very essential to focus on the management and the organizational structure of the company.

Leadership style: There are many types of leadership for the organization and it can be said that some leadership styles are very suitable for the company. For Mugs & Magic, participative leadership will be best suitable because, in this leadership style, the company will take the support of employees or involve them in the decision-making. Through the help of this leadership style, the company will focus on collaboration and also encourage the employees. This leadership style will be very effective for the coffee industry because it will promote teamwork, and encourage employee engagement as well as this leadership style is very effective for creativity in the coffee industry.

Organizational structure: It is very essential to have a flexible organizational structure for the company so that the company can grow flexibly. A flat organizational structure will be very flexible for this company because this company will move from a small level. There will be some hierarchical structure in this organization that will be more flexible for Mugs & Magic because it will create a responsive work environment that is very supportive of this company. Through the help of a flat structure, the company will have the fastest decision-making, in communication as well as good effort from teamwork.

Human resource management: In the segment of management and organization, human resource management plays a crucial role in the success of the organization. In this context, the company will practice effective HRM in the organization so that it becomes able to deal with the various staff of the company efficiently. It will help the company to recruit the right people in the company, provide the right training along with offering compensation and benefits. Through the help of hardcore effort of the company, it leads to enhancing the positive work culture in the company. The help of effective human resource management in the

company leads to encouraging the work-life balance of the company and these things provide job satisfaction to the employees.

Financial management: Mugs & Magic is going to launch its business in a competitive environment so the company needs to move with the proper financial management in the company. So that the company needs to focus on the management of cash flow, forecast expenses, and revenue, create a budget as well as monitor the financial performance of the company regularly. This thing will help the company to make better decisions.

Marketing and sales: This is also a very crucial element of the business because the company will increase its sales through the help of effective marketing strategies as well as sales strategies. In this plan, the company will incorporate the development of the marketing plan, use various marketing strategies as well as a strong brand identity.

Social Responsibility and Sustainability

Social responsibility and sustainability are a great part of the company and in this way, this coffee company named Mugs & Magic will prioritize its social responsibility and sustainability. For a better understanding of social responsibility and sustainability, here will be Carroll's corporate social responsibility. The four stages of this theory explain the responsibility of the company that covers all the essential parts. After consideration of this responsibility the company will improve its brand image as well as its reputation in the market and it will help the company to expand smoothly in the market. The four stages of this theory are philanthropic, economic, ethical as well as legal responsibility.

Economic Responsibility: This is the first stage of Carroll's pyramid and this responsibility shows that the company has the liability to generate more revenue and make the business profitable for their stakeholder. In this stage, Mugs & Magic will focus on generating more revenue for their stakeholders. In addition to this if the company will generate more revenue then it will help the company to create more jobs for the local sector and also contribute to their economy. After fulfilling this responsibility the company will ensure that it is financially stable. This will be a kind of accomplishment for the company.

Legal Responsibility: This is the second stage of this pyramid and this responsibility aids the company to move smoothly in this environment. This responsibility comprises that this business adheres to the rules and regulations. This business will operate in the UK environment then it is the responsibility of the company to comply with the UK government norms because it is very essential for the company as well as customers. In this way, Mugs & Magic will follow all the compliances related to food safety, environmental protection law as well as employment law in the company.

Ethical Responsibility: This is the third and very crucial responsibility that shows ethical practice in the company. In this responsibility, the company needs to prioritize its ethical responsibility so that it can support the company to move smoothly. In this stage Mugs & Magic

need to consider sustainable coffee beans, promote diversity and inclusion in the organization as well as focus on the reduction of waste (Marco-Lajara *et al.* 2022). Through the help of adherence to all these responsibilities, the company can improve its reputation in the market.

Philanthropic Responsibility: This is the last stage but also a very crucial stage where the company needs to ensure about making voluntary contributions to the company. This voluntary contribution refers to providing social causes. In this context, Mugs & Magic will ensure this responsibility by donating some money to social charities, promoting a sustainable environment, and lastly providing support for community events.

Considering all this responsibility on behalf of the company, say that this company will use energy-efficiency equipment, promote recycling and reduce waste and ensure that all the activities of the company help to get rid of the negative impact on the environment. The company will also focus on sourcing coffee beans from ethical and sustainable sources.

Development, Milestones, and Exit Plan

For launching a new venture the company needs to move through the plan of development, milestones as well as exit plan. For the development of the company, Mugs & Magic will develop a plan that will consider the milestone also because it will support the company to move smoothly (Jones *et al.* 2023). The company will make some milestones that will be accomplished by the company in the recommended time frame. For the development of effective market strategies, the company needs to make intense focus on market research and also set the target market so that the company can reach out to the customers. After that in the development plan, the company will focus on branding and design, and through the help of the combination of these two things and some others the company will become able to make a strong development plan. Along with this in the development plan, the company will focus on the high-quality coffee blend with customized flavors. In this way, the company will emphasize the latest technology in the company. After that, the company will develop comprehensive branding strategies that incorporate marketing materials, packaging, logo, and so on.

Milestones Plan

In the milestone plan, the company will also focus on several stuff related to m milestones, and all the things are mentioned below-

Launch: This will be the first milestone of the company and in this milestone, Mugs & Magic will set a particular goal to launch this company and also the company will make the most possible efforts to accomplish it (Higgins, 2022).

Brand Awareness: Through the help of marketing efforts the company will set its milestone of achieving a particular level of brand awareness. In this way, It will encompass influencer marketing, make collaboration with others as well as social media marketing.

Sales Targets: This will be the third milestone of the company and in this milestone, Mugs & Magic will accomplish sales targets because this will help to discern the area of improvement.

Exit Plan

In the exit plan, the company will consider the various stuff that will assist the company in the development of the exit plan. In the sales, the company will recognize the potential buyers. After that, the potential merger partners then explore the possibilities (Futonge Nzembayie and Buckley, 2022). It can be seen that if they enter into new markets and go with the new store then the company needs to develop a new plan to ensure that all the stakeholders should be treated fairly.

Financial plan

In the books of coffee shop			
Profit and loss A/C proforma for 3 Years			
Particulars	Year 1 (£)	Year 2 (£)	Year 3 (£)
Sales	363,000	367,000	375,000
Cost of goods sold	74,500	78,500	65,300
Gross profitability	288,500	288,500	309,700
Gross profit margin (%)	79.47658402	78.61035422	82.58666667
Operating expenses			
production cost	30,000	32,000	35,000
Expenditure of Advertisement	36,700	39,800	45,800
Inventory and stock	9,800	15,400	17,950
rent	10,400	10,400	10,400
Office Supplies	8,900	9,900	10,800
Insurance	2,500	2,500	2,500
Other expenses	6,500	8,300	10,300
fixed cost	32,000	32,000	32,000
Total operating exp	104,800	118,300	132,750
Operating profit of Monthly sales	184,000	174,000	178,000
Payment of Interests and taxes	5,000	5,000	5,000
Profit After Tax	179,000	169,000	173,000
Net profit margin (%)	49.31129477	46.04904632	46.13333333

Table 1: net profit Margin

(Source: self-report, 2023)

In the process of the analysis of the coffee shop, The sales are 363000. So the gross profit margin amounted to 288500 which is 79.47%. The profit after tax was 179000. So, the net profit margin is 49.31%. In the second year, the sales amounted to 367000. The gross profit is 288500. Which is about 78.61%. Adding each of the elements the profit after tax is estimated as 169000. In making a valuation the net profit margin is 46.049. In the third year, the gross profit is 309700. The percentage is 82.58%. The profit after tax is 173000. The net profit margin is 46.13. It is observed that in the first year, the company goes much better but this decreases in the second year. In the third year, this is getting balanced.

In the books of coffee shop	
Particulars	Amount
Startup Investment	£210700
Start-up Liabilities (£)	
Advertisement costs	101,400
opening cost	105,400
Legal Requirements	108,000
Setup costs	154,000
purchase	206,000
Pre Opening legal cost	255,000
furnishing Cost	455,000
wages	240,280
Total-start up Cost	1,625,080
Start-up Assets (£)	
Equipment	205,680
Bank and cash	60,400
Office equipment	213,500
short-term assets	479,580
fixed assets	90,000
Total assets	569,580
Total startup cost and assets	2,194,660

The total amount of borrowed finance	137,660
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Table 2: Start-up cost

(Source: self-report, 2023)

In the method of the analysis, it can be observed that the total start-up liability cost is 1625080. The startup investment is 210700. The startup asset cost is 2194600. So, the total amount of borrowed finance is 137660.

Conclusion

Summing up all the topics with the obvious understanding that there is going to launch a coffee company named Mugs & Magic and this company will be started in the cities of the UK. The reason behind opening this company is that this is the best suitable thing that people are looking for in the UK after water. In addition to this, the taste of the coffee is best as compared to home. In this way, analyze the external environment through the help of PESTLE analysis and then analyze the competitor through the help of Porter's five forces. The company will focus on the various segments of the operation where Mug & Magic will lay their focus on marketing, production, logistics as well as customer service. Because this is a very essential component of the business. Then the company will focus on the technology plan where the company incorporates points of sales that will help to recognize the current trend and also about the sales. After that, the company will keep its intense focus on the management and organization along with following a flat structure. In addition to this, the company will also keep its focus on corporate social responsibility so that it will consider Carroll's corporate social responsibility. In addition to this, there will be a focus on the financial plan that will support the company in take further decisions.

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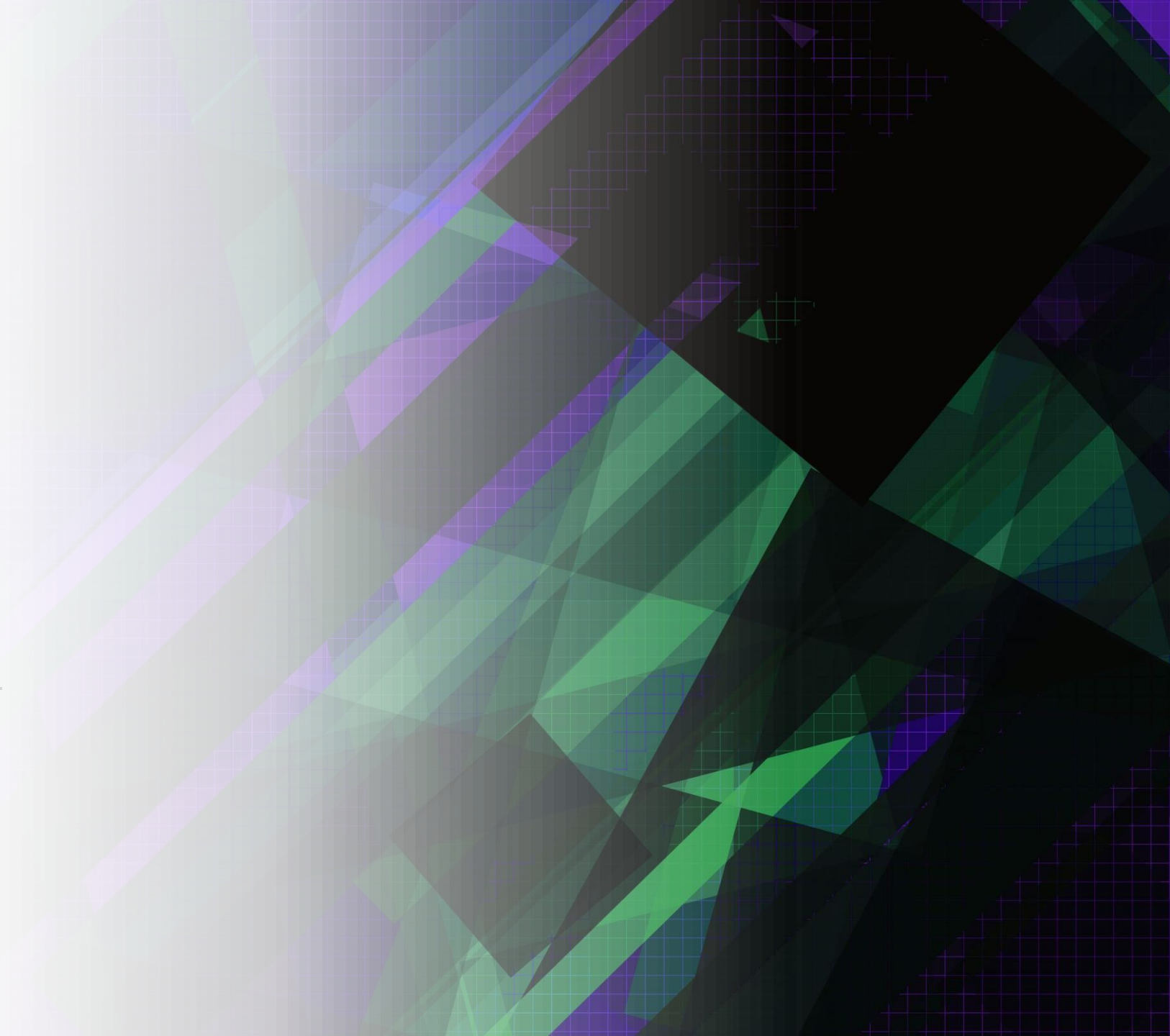
Managing Enterprise in the 21st Century

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Introduction

- Every aspect of the business will be discussed.
- The business structure of this coffee shop will be discussed.
- Products and services offered by this coffee shop will be mentioned.
- Market analysis will be conducted by using PESTLE analysis and Porter's 5 forces.
- The operations of the coffee shop will be determined.
- Some techniques which will be followed by the management team will be discussed.
- Financial and developmental plans will be mentioned.



Business Description and History

- Name of the coffee shop
- The reason behind choosing this name
- Location of the shop
- Target customers of the coffee shop



COFFEE
SHOP

ESPRESSO - AFFOGATO - CAPPUCCINO
AMERICANO - CHOCOLATE
MOCHA - IRISH - MACCHIATO

The reason behind choosing this business idea

- Evidence to prove that the demand for coffee shops is high.
- Different types of coffee and snacks can be offered
- Best place for recreation
- Emerging trends of healthy coffee



History of the coffee shop industry

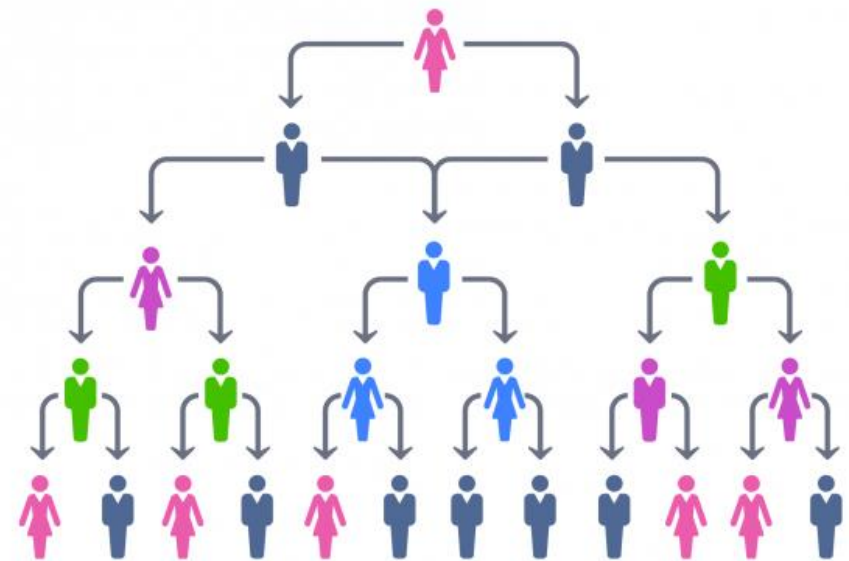
- The first coffee shop opened in 1550 in Constantinople.
- People used to visit coffee shops to discuss different topics and get news.
- Intellectuals, artists, and writers used to visit coffee shops.
- Ideal place for socializing
- The emergence of internet cafes.



Business structure

- The hierarchical structure will be followed by the coffee shop named “Mugs & Magic”.
- Advantages of hierarchical structure.
- Disadvantages of hierarchical structure.

HIERARCHICAL ORGANIZATIONS



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Products & Service description



- Various kinds of best-quality coffee will be offered
- Customized coffee will be offered.
- Various kinds of snacks will be provided.
- The Interior of the coffee shop will be excellent.
- Artisanal coffee will be offered.

Market Analysis and Trends

PESTLE analysis of Mugs and Magic

- Brexit impacted a lot on the coffee industry in UK
- COVID-19 impact badly on the economy of the coffee industry
- The health conscious people are avoiding caffeine
- Genetics Engineering has introduced some fusion coffee
- The law about storing the coffee is very easy
- Sustainable farming is increasing the cost of the coffee



Porter's five forces model analysis of Mugs and Magic



- Competitive Rivalry will be high for Mugs and Magic
- Buyers' power of Mugs and Magic will be moderate
- Suppliers' powers of Mugs and Magic will be very low
- The threat of new Entrants for Mugs and Magic will be moderate
- The threat of substitutes for Mugs and Magic will be very low.

Operations

- Mugs and Magic will market their products online.
- Mugs and magic will produce various types of coffee and tea products as well as beverages.
- Mugs and Magic will hire qualified staff for smooth logistics.
- Mugs and Magic will develop their customer services.



Technology Plan

- Mugs and Magic will provide free wi-fi connectivity to its customer
- Mugs and Magic will enable an online ordering facility for its customers.
- Mugs and Magic has a plan to build a mobile app also.



Management and Organization

- Mugs and Magic will focus more on human resource management.
- Mugs and Magic will hire more eligible leaders who can lead their business in a good direction.



Management and Organization

- Mugs and Magic will focus more on human resource management.
- Mugs and Magic will hire more eligible leaders who can lead their business in a good direction.



Social responsibility and sustainability

- Economic responsibilities will be taken by this coffee shop.
- Ethical responsibilities will be taken.
- Legal responsibilities will be taken
- Philanthropic responsibilities will be taken.



Definition of development, milestone, and along with this exit plan

- Best uses of a development plan by the Mugs & Magic company.
- Responsibility of owners concerning future growth.
- Building brand awareness among the customers.
- Constantly focus on the recommended goals.
- Milestones facilitate the real management system.
- Creating accurate strategies for the exit plan (Tobin, 2022).
- Organization exploring potential customers.

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Financial Plan

In the books of coffee shop			
Profit and loss A/C proforma for 3 Years			
Particulars	Year 1 (£)	Year 2 (£)	Year 3 (£)
Sales	363,000	367,000	375,000
Cost of goods sold	74,500	78,500	65,300
Gross profitability	288,500	288,500	309,700
Gross profit margin (%)	79.47658402	78.61035422	82.58666667
Operating expenses			
production cost	30,000	32,000	35,000
Expenditure of Advertisement	36,700	39,800	45,800
Inventory and stock	9,800	15,400	17,950
rent	10,400	10,400	10,400
Office Supplies	8,900	9,900	10,800
Insurance	2,500	2,500	2,500
Other expenses	6,500	8,300	10,300
fixed cost	32,000	32,000	32,000
Total operating exp	104,800	118,300	132,750
Operating profit of Monthly sales	184,000	174,000	178,000
Payment of Interests and taxes	5,000	5,000	5,000
Profit After Tax	179,000	169,000	173,000
Net profit margin (%)	49.31129477	46.04904632	46.13333333

Conclusion

- Activities in the marketing and as well as promotion of the coffee industry.
- Best coffee tastes as compared to home.



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