



program of study: Business Skills for workplace

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Assignment Title: Business Plan – Oak Study Cafe Ltd

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## 1. EXECUTIVE SUMMARY

This business plan proposes the launch of a Student Multicultural Cafe located in Selly Oak, Birmingham. The cafe will provide premium specialty coffee alongside culturally diverse food options within a comfortable and study friendly environment tailored specifically to university students. The concept responds to growing demand for experiential consumption, multicultural representation, and flexible learning spaces within higher education communities.

Selly Oak is recognised as one of the most student concentrated districts in Birmingham, providing a consistent and accessible target market. Although major chains such as Starbucks and Costa Coffee operate within the area, there remains a clear gap for a differentiated cafe that combines multicultural cuisine with dedicated academic study facilities. The proposed cafe's unique selling proposition (USP) integrates premium beverages, international food diversity, and a productivity focused atmosphere.

The business will operate as a Private Limited Company (Ltd) to ensure limited liability protection and enhance financial credibility. Total start up funding required is £45,000, financed through £20,000 personal investment and a £25,000 bank loan. First month projected revenue is estimated at £27,000, generating positive net cash flow after operational expenses. Financial forecasts indicate short-term liquidity and long-term commercial viability.

Overall, the proposed cafe demonstrates strong entrepreneurial potential supported by favourable market demand, strategic differentiation, and realistic financial planning.



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## 2. OVERVIEW OF THE BUSINESS IDEA

### 2.1 Business Concept and Offering

The proposed venture is a multicultural student cafe situated in Selly Oak, Birmingham. The primary objective is to provide an inclusive environment where students can study, socialise, and enjoy culturally diverse food and beverages at affordable prices.

The cafe will operate seven days per week from 8:00 AM to 10:00 PM. The product offering will prioritise quality and authenticity rather than an excessively large menu. Beverage options will include espresso, cappuccino, latte, Arabic coffee, and Turkish coffee. Food offerings will reflect Middle Eastern, Asian, and British culinary influences, including pastries, light meals, vegetarian options, and halal selections.

The UK hospitality sector remains a significant contributor to small business growth (Department for Business and Trade, 2024). Birmingham is also recognised as one of the most culturally diverse cities in the UK (ONS, 2023), supporting demand for multicultural dining experiences.

In addition to food and beverages, the cafe will provide high speed Wi-Fi, charging points, quiet study zones, and collaborative seating areas. This hybrid hospitality-study model increases customer dwell time and enhances perceived value.

### 2.2 Entrepreneurial Opportunity and Unique Selling Proposition

Entrepreneurial success depends on identifying unmet market needs and delivering differentiated value (Burns, 2020). Most existing cafes in Selly Oak focus on standardised offerings and high customer turnover. Few provide culturally diverse menus combined with structured study environments.

The unique selling proposition of the proposed café integrates:

- Multicultural cuisine
- Premium specialty coffee
- Dedicated student study space

This positioning creates a clear point of differentiation and reduces direct price competition. Furthermore, consumer behaviour research suggests that modern customers increasingly prioritise experiential value alongside product quality (Kotler and Keller, 2020). By offering both social and academic utility, the café strengthens emotional customer engagement and encourages repeat visits.

## 3. LEGAL FORMAT AND MANAGEMENT STRUCTURE

### 3.1 Legal Structure

The business will operate as a Private Limited Company (Ltd). A Private Limited Company is a separate legal entity in which shareholder liability is limited to the amount invested (Scarborough, 2021).

This structure is appropriate because it:

Protects the owner's personal assets

Enhances credibility with lenders and suppliers

Facilitates future business expansion

Separates personal and business finances

Given the scale of investment and growth ambitions, the Ltd structure provides an appropriate balance between risk protection and operational flexibility.

### 3.2 Management Structure

The organisational structure will remain relatively flat to support efficiency and communication:

Owner/Founder – strategic planning and financial control

Cafe Manager – daily operations and staff supervision

Kitchen Staff – food preparation

Baristas – beverage preparation

Service Staff – customer service

Flexible structures are recommended for early-stage ventures to enable rapid decision-making (Burns, 2020).

#### 4. PESTEL ANALYSIS

A PESTEL analysis evaluates macro-environmental factors affecting business performance (Johnson, Scholes and Whittington, 2020).

##### Political:

The UK provides a stable political environment supportive of small business development. However, hospitality businesses must comply with Food Standards Agency regulations (FSA, 2023). Changes in National Minimum Wage legislation may increase labour costs (UK Government, 2024).

##### Economic:

Inflation and rising living costs influence student disposable income (ONS, 2024). Nevertheless, the UK coffee shop market continues to demonstrate resilience, particularly in urban student locations (Statista, 2024).

##### Social:

Birmingham's multicultural demographic profile supports demand for diverse food concepts (ONS, 2023). Students increasingly prefer flexible social learning spaces outside traditional libraries.

##### Technological:

Digital payments, online marketing, and social media engagement are essential for modern hospitality businesses (Kotler and Keller, 2020). Free Wi-Fi is considered a basic expectation among student customers.

##### Environmental:

Sustainability awareness among young consumers continues to increase. The café will use recyclable packaging and implement waste-reduction practices in line with UK environmental guidance (UK Government, 2023).

##### Legal:

Compliance with employment law, health and safety regulations, food hygiene standards, and data protection requirements is mandatory (FSA, 2023).

Overall, the external environment presents manageable risks alongside favourable demand conditions.

## 5. SWOT ANALYSIS

The SWOT framework evaluates internal capabilities and external risks (Johnson et al., 2020).

### Strengths:

The café benefits from a differentiated multicultural concept and strategic student-focused location. The hybrid study-hospitality model increases customer dwell time and potential spending.

### Weaknesses:

As a new entrant, the business lacks brand recognition. It is also highly dependent on student demand, which may fluctuate seasonally. Initial capital requirements create financial exposure.

### Opportunities:

Growing demand for multicultural dining presents expansion potential. Partnerships with university societies and delivery platforms could generate additional revenue streams. Sustainability initiatives may strengthen brand image.

### Threats:

Strong competition from established coffee chains remains the primary threat. Inflation and rising supplier costs may reduce profit margins (ONS, 2024). Wage increases may also raise operating costs (UK Government, 2024).

## 6. COMPETITION ANALYSIS

Key competitors include Starbucks, Costa Coffee, and independent cafés within Selly Oak. These businesses benefit from established brand recognition and economies of scale.

However, Porter (1985) argues that focused differentiation enables smaller firms to compete effectively. By targeting the student niche and emphasising multicultural identity, the proposed café reduces direct competitive pressure and strengthens market positioning.

## 7. MARKETING STRATEGY

- The marketing strategy focuses on digital engagement and student loyalty.
- Social media campaigns on Instagram and TikTok
- 10% student discount
- Digital loyalty programme
- Partnerships with university societies
- Grand opening promotional event
- Integrated marketing communication improves brand awareness and customer retention (Kotler and Keller, 2020).

## 8. FUNDING REQUIREMENTS

Total start-up capital required: £45,000

Personal investment: £20,000

Bank loan: £25,000

Funds will cover equipment purchase, rent deposit, marketing, initial inventory, and working capital.

## 9. Startup Expenses and Cash Flow Forecast

### CASH FLOW

|                                                | MONTH          |
|------------------------------------------------|----------------|
| Cash in                                        | 1              |
| Loan- start up capital                         | £25,000        |
| Sales (total sales of product and/or services) | £27,000        |
| Other                                          | £20,000        |
| <b>Total cash in-flows (A)</b>                 | <b>£72,000</b> |

|                                            | MONTH          |
|--------------------------------------------|----------------|
| Cash out-expenses                          | 1              |
| Rent or premises costs                     | £5,000         |
| Business rates for your business premises  | £500           |
| Utilities (gas, electricity, water)        | £300           |
| Insurance                                  | £200           |
| Telephone and internet                     | £100           |
| Marketing and advertising expenses         | £500           |
| Vehicle running costs                      | £0             |
| Equipment purchase or leasing              | £12,000        |
| Postage, printing, stationery              | £50            |
| Transport and delivery                     | £150           |
| Professional fees (legal, accounting etc.) | £500           |
| Cost of sales (Cost of product)            | £4,000         |
| Wages your own                             | £0             |
| Staff wages                                | £7,000         |
| Any other                                  | £0             |
| Any other                                  | £0             |
| <b>Total cash out-flows (B)</b>            | <b>£30,300</b> |

|                                 |                |
|---------------------------------|----------------|
| <b>Your net cash flow (A-B)</b> | <b>£41,700</b> |
|---------------------------------|----------------|

#### Net Cash Flow

$$\text{Net Cash Flow} = A - B$$

$$£72,000 - £30,300 = £41,700$$

#### Opening and Closing Balance

Opening Balance: £0

Closing Balance: £41,700

The positive closing balance indicates strong short-term liquidity and operational feasibility.

## 9.1 Risk Management and Future Growth

The long-term sustainability of the Student Multicultural Café will depend on effective risk management and the ability to adapt to changing market conditions. One potential risk is the seasonal fluctuation in student demand, particularly during university holiday periods when footfall in Selly Oak may decline. To mitigate this risk, the business will implement flexible staffing schedules and introduce promotional offers targeting local residents to maintain revenue stability.

Another operational risk relates to rising supplier and utility costs, which could reduce profit margins over time. The business will address this by establishing long-term supplier relationships and regularly reviewing pricing strategies to protect profitability. In addition, maintaining strict cost control over inventory and labour will be essential during the early stages of operation.

From a growth perspective, the café has strong potential to expand its revenue streams through partnerships with university societies, themed cultural events, and potential collaboration with food delivery platforms. As brand recognition increases, there may also be opportunities to replicate the business model in other student-dense locations within Birmingham. By combining proactive risk management with gradual expansion strategies, the business can enhance its resilience and support sustainable long-term growth.

## 10. CONCLUSION

The Student Multicultural Café represents a strategically differentiated and financially viable entrepreneurial opportunity within Selly Oak. Market demand, demographic diversity, and student concentration provide strong commercial foundations. Financial projections indicate positive cash flow, while strategic analyses confirm manageable risk levels.

With effective management and targeted marketing, the business demonstrates strong potential for sustainable long-term growth.

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