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Managing Enterprise in the 21st Century

Business Plan

Cozy Cup Cafe

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Executive Summary

This business plan outlines the idea of opening a small coffee shop offering high-quality drinks and a comfortable space for customers to relax, study, or meet friends. Coffee shops are increasingly popular, especially among students and young professionals.

The main goal is to create a welcoming environment with good products, fair prices, and excellent service. The target customers are students, professionals, and local residents. Demand is expected to remain strong due to the growth of coffee culture.

In the future, the café aims to build a strong reputation and may expand by adding new products or opening additional locations.

Business Concept

The café aims to create a cozy space where customers can enjoy coffee and light food. Many people visit cafés not only to drink coffee but also to work or socialize.

The business will focus on a relaxing atmosphere, comfortable seating, and friendly staff. High-quality coffee and good customer service will encourage repeat visits.

Business Description

The café will be a small local business located in a busy area. It will offer coffee, tea, and snacks while maintaining high quality and competitive prices.

The owner will manage daily operations, supported by baristas and service staff. The goal is to build a trusted café in the local area.

Product Description

The coffee shop will offer a variety of drinks and snacks. All drinks will be made fresh using professional equipment and quality ingredients.

The menu will include:

- Espresso
- Cappuccino
- Latte
- Americano
- Mocha
- Iced coffee

Food options:

- Cakes and pastries
- Cookies
- Sandwiches and snacks

Business Objectives (SMART Objectives)

Setting clear goals is important for success. The coffee shop will follow SMART objectives (Specific, Measurable, Achievable, Relevant, Time-based).

Short-Term Goals (First Year)

The first goal is to successfully open the café and start daily operations. The business wants to attract regular customers during the first months.

Another goal is to build awareness in the local area using marketing and good service. This will help create a loyal customer base.

The café also aims to reach stable monthly sales within the first year.

Long-Term Goals

In the future, the business wants to grow its customer base and improve its brand image. The café aims to become one of the most popular places in the area.

Another goal is to increase profits and introduce new menu items. If successful, the owner may open another coffee shop.

Market Analysis (Competitors, Customers, Target Groups)

Competitors

The coffee shop will compete with other local cafés and large coffee chains. These competitors may already have strong brands and regular customers.

However, this café can stand out by offering better customer service, a cozy atmosphere, and consistent quality. Many people prefer small cafés because they feel more personal.

Customers

The main customers are people who enjoy coffee and spending time in cafés. These include students, workers, and local residents. Many customers visit cafés not only for drinks but also to relax, meet people, or work.

Target Market

The main target groups are:

- Students who need a quiet place to study
- Young professionals who buy coffee daily
- Local residents who want to relax

These groups are likely to visit often, which makes them ideal customers.

PESTEL Analysis

PESTEL analysis helps understand external factors that can affect the business.

Political factors:

The business must follow government rules, including food safety laws and business regulations.

Economic factors:

Changes in prices, inflation, and the economy can affect costs and customer spending.

Social factors:

Coffee culture is very popular. Many people enjoy going to cafés as part of their lifestyle.

Technological factors:

Modern coffee machines and digital payments make the business more efficient.

Environmental factors:

The café should consider using eco-friendly packaging and reducing waste.

Legal factors:

The business must follow health, safety, and employment laws.

SWOT Analysis

SWOT analysis looks at strengths, weaknesses, opportunities, and threats.

Strengths:

- High-quality coffee
- Friendly customer service
- Comfortable environment

Weaknesses:

- New business with no strong brand yet

Opportunities:

- Growing coffee culture
- Social media marketing

Threats:

- Strong competition
- Rising costs of ingredients
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Marketing Mix (4Ps)

The marketing mix explains how the business will attract and satisfy customers through product, price, place, and promotion.

Product

The café will offer high-quality coffee, drinks, and snacks, such as espresso, cappuccino, and cakes, made with fresh ingredients.

Price

The café will use competitive pricing to attract customers. For example, an espresso will cost around £2.00, a cappuccino or latte £3.00–£3.50, and snacks such as cakes and sandwiches £2.50–£4.50. Prices will be slightly lower at the beginning to encourage new customers to try the café.

Place

The café will be located in a busy area, for example near offices, schools, or residential areas.

Promotion

The business will promote itself through social media, special offers, and loyalty cards to attract and retain customers.

Management Team and legal format

The business will operate as a sole trader. The owner will manage daily operations, finances, and staff. Baristas and service staff will support the business. Good teamwork is important for success.

Financial Plan (One Year)

This section explains expected income and expenses.

Sources of Finance

The business will require funding to cover start-up expenses and regular monthly operating costs. Start-up costs are estimated at £16,500, while fixed monthly costs are expected to be £5,500. The owner will use personal savings as the main source of finance and may also apply for a small loan if additional capital is needed.

Startup Cost.

Startup Cost	Amount
Rent (deposit + first month)	2,800 £
Coffee machine	4,500 £
Furniture and interior	4,000 £
Equipment and supplies	2,200 £
Initial stock (coffee, milk, food)	1,800 £
Marketing and promotion	1,200 £
Total	16,500 £

Fixed Costs per month

Fixed Costs	Per month
Rent	3,000 £
Business Rate	400 £
Gas bill	200 £
Two Employee Salaries	1,800 £
Accountant	100 £
Total cost	5,500 £

Variable Costs

Variable Costs	Jan	Feb	Mar	Apr	May	Jun
Utility bills (Water)	200 £	220 £	240 £	260 £	280 £	300 £
Delivery (Transportation cost)	900 £	950 £	1,100 £	1,200 £	1,300 £	1,400 £
Temp staff	400 £	450 £	500 £	550 £	600 £	650 £
Stock (items)	700 £	850 £	950 £	1,050 £	1,150 £	1,250 £
Total	2,200 £	2,470 £	2,790 £	3,060 £	3,330 £	3,600 £

Cash Flow Forecast

Income will come from daily sales. Expenses include rent, salaries, ingredients, and utilities.

	Jan	Feb	Mar	Apr	May	Jun
Fixed Cost	5,500 £	5,500 £	5,500 £	5,500 £	5,500 £	5,500 £
Variable Cost	2,200 £	2,470 £	2,790 £	3,060 £	3,330 £	3,600 £
Total Cost	7,700 £	7,970 £	8,290 £	8,560 £	8,830 £	9,100 £
Revenue	4,800 £	5,500 £	6,500 £	8,000 £	9,200 £	10,500 £
Profit/Loss	-2,900 £	-2,470 £	-1,790 £	-560 £	370 £	1,400 £

The business is expected to make a loss during the first three months, as costs are higher than revenue. From May onwards, the business starts making a profit, showing that sales growth will gradually cover operating costs.

Sales Forecast

Sales are expected to increase steadily from £4,800 in January to £10,500 in June as the café builds a loyal customer base and gains popularity.

Break Even Analysis

Investment capital needed = £24,420

(£16,500 + £2,900 + £2,470 + £1,790 + £560)

Investment needed = Total Start-up Cost + Operational losses up to the break-even point

The total investment required for the business is estimated at approximately £24,420, including start-up costs and initial operating losses.

The business is expected to reach the break-even point in May, when revenue exceeds total costs. This indicates that the café will begin generating profit after the initial start-up period.

Operations and Management Plan

The café will operate every day and serve fresh drinks and food.

Baristas will use professional equipment. The café will also use modern payment systems.

Staff will be trained in customer service, drink preparation, and hygiene.

Expansion Plan

In the future, the café plans to grow by adding new menu items and improving customer experience.

If successful, the business may open another location.

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