



CoffeeVille

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CoffeeVille Pty Ltd

Business Plan 2016/17

Prepared: 30 June 2016

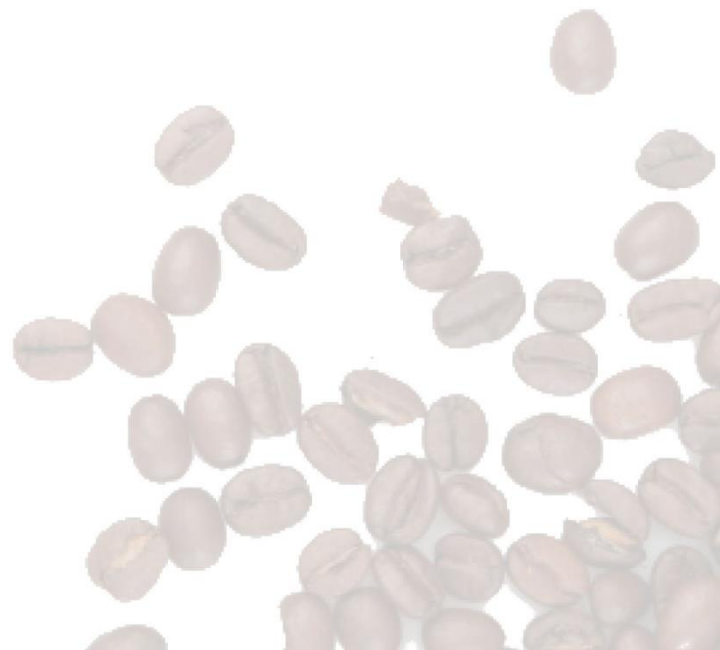


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Business Plan Summary

The Business

Business name: CoffeeVille Pty Ltd

Business structure: Partnership

ABN: 3000000000

Business location: 3216 Collins Street Melbourne Vic 3000

Date established: 1 July 2009

Business owner(s): Emma Belcastran; Rufus Belcastran

Relevant owner experience

Rufus Belcastran has an MBA from the University of Melbourne and 15 years experience in financial management and operating various small businesses, including cafes. Emma Belcastran has a Diploma of Marketing from Swinburne TAFE and 13 years experience in customer service, sales and marketing.

Products/services

CoffeeVille provides high quality, fair trade, coffee, superior hot and cold gourmet food and beverages, and a consistently high level of expert and knowledgeable, fast and friendly service. Research indicates a growing demand for this product/service combination.

The Market

Target market

The market has been divided into three target markets or segments: individual takeaway; individual sit-down; groups (organisations and business catering).

Marketing strategy

Through an integrated marketing mix, the marketing strategy will seek to create customer awareness regarding the value CoffeeVille represents toward target markets and work toward maintaining and building customer loyalty and referrals.

The Future

Vision statement

Within five years, the company will have established itself as a premier provider of gourmet coffee and food for the ethically and socially aware Melbourne coffee drinker. CoffeeVille will have expanded to a number of key locations in the Melbourne CBD.

Strategic directions:

- Increase revenue through targeted marketing campaigns.
- Control direct and indirect operational costs.
- Maintain superior product and service quality standards.
- Establish CoffeeVille brand as ethical and environmentally responsible company.
- Maintain highly trained and motivated staff.

The Finances

On start-up in 2009, both partners contributed \$150,000 to the business to cover initial costs and ensure cash flow. The business also took out a small business loan of \$200,000. CoffeeVille anticipates a profit for the coming financial year of approximately \$230,000. This figure represents a 15% improvement over profit figures for the previous financial year.

The Business

Business details

CoffeeVille is owned and managed by partners Emma and Rufus Belcastran.

Rufus Belcastran has an MBA from the University of Melbourne and 15 years experience in financial management and operating various small businesses, including cafes. Emma Belcastran has a Diploma of Marketing from Swinburne TAFE and 13 years experience in customer service, sales and marketing.

CoffeeVille is entering its third year of business operation. The cafe has been well-received by the Melbourne consumer market. Continuing effective marketing is considered to be critical to the company's future success and profitability over the next few years.

Product and service offering

CoffeeVille provides:

- high quality, fair trade, coffee
- superior hot and cold gourmet food and beverages
- consistently high level of expert and knowledgeable, fast and friendly service.

Registration details

Business name: CoffeeVille Pty Ltd

Trading name(s): CoffeeVille Pty Ltd

Date registered: 1 July 2009

Location registered: Victoria

Business structure: Partnership

ABN: 3000000000

GST: Registered for GST on 1 July 2009

Domain names: coffeetown.com.au

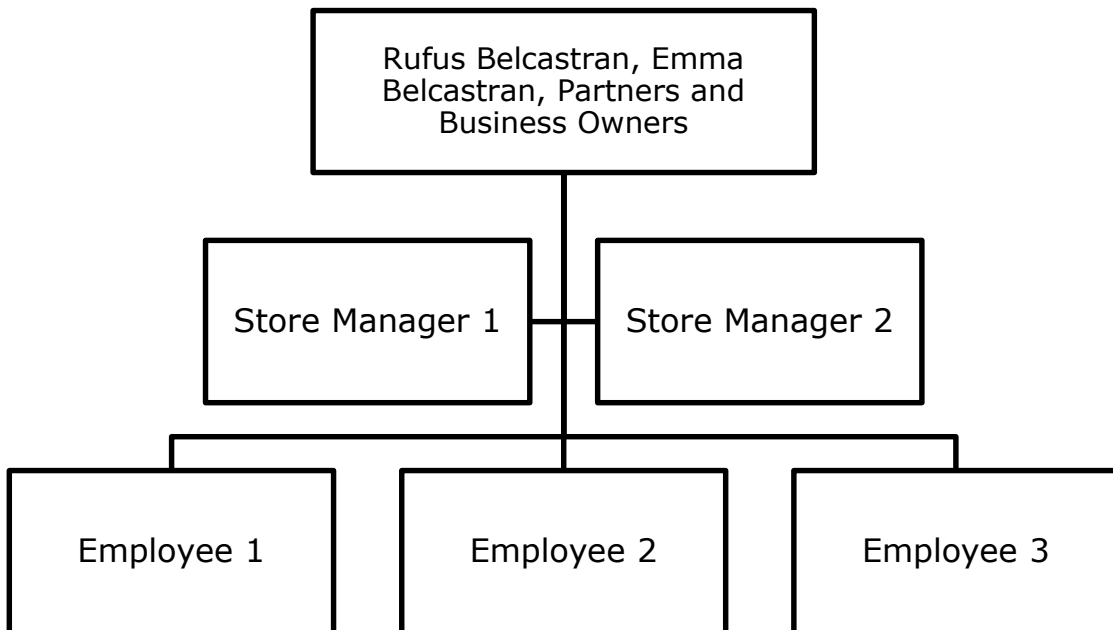
Business premises

Business location

CoffeeVille is located in the Melbourne CBD on Collins Street. Currently the business runs 1 cafe. The cafe is 90 m² and seats 15 patrons. Foot traffic/custom is approximately 250–300 customers per day.

CoffeeVille is currently leasing its premises. Possible future premises will be leased or purchased to support CoffeeVille strategic directions.

Organisation chart



Management and ownership

Names of owners

- Rufus Belcastran
- Emma Belcastran.

Details of management and ownership

CoffeeVille is owned and managed by partners Rufus and Emma Belcastran.

Experience

Rufus Belcastran has an MBA from the University of Melbourne and 15 years experience in financial management and operating various small businesses, including cafes. Emma Belcastran has a TAFE Diploma of Marketing and 13 years experience in customer service, sales and marketing.

Key personnel

Current staff

Job Title	Name	Expected staff turnover	Skills or strengths
Owner manager	Rufus Belcastran	-	MBA from the University of Melbourne and 15 years experience in financial management and operating various small businesses, including cafes.
Owner manager	Emma Belcastran	-	Emma Belcastran has a Diploma of Marketing from Swinburne TAFE 13 years experience in customer service, sales and marketing.
Cashier/barista	Michael Roux	12 months	Michael has been with company for two years and has four years experience as a barista. Management potential.
Cashier/barista	Oliver Chan	12 months	Oliver has two months with CoffeeVille. He has good customer skills but low food and beverage skills. Has clear aptitude and willingness to train.
Cashier/barista	Lucy Ospensky	12 months	Lucy has been with CoffeeVille six months. Lucy has adequate customer service and food/beverage preparation skills

Job Title	Name	Expected staff turnover	Skills or strengths
Cashier/barista	Anna Frye	12 months	Anna has been with company one year. Anna has three years experience in managing her own small business. Anna has superb customer skills

Required staff

Job Title	Quantity	Expected staff turnover	Skills necessary	Date required
Cafe Manager	1	2-3 years	Relevant qualifications in operating small business. Financial and performance management skills. Five years experience.	Dec
Cashier/barista	5	12 months	Excellent food and beverage preparation and customer service skills. Two years experience preferred.	Dec

Recruitment options

Staff will be recruited through word-of-mouth, through trade publications, and through online recruitment facilities such as seek.com.

Training programs

Training is crucial to CoffeeVille's service offering. CoffeeVille will implement training programs on coffee/food preparation and customer service monthly. Training will be conducted by external trainers and partner Emma Belcastran, who has extensive sales and marketing experience.

Skill retention strategies

Staff performance will be continually monitored and managed in accordance with the CoffeeVille performance management policy. Managers and employees will collaborate to produce work plans to build skills and ensure alignment of employee efforts and skills with company strategic directions.

Products/services

Product/service	Description	Price
Focaccias	Finest gourmet ingredients. Fair trade ingredients, where possible. Homemade sauces, organic vegetables, and local (where possible) or imported meats and cheeses.	\$9-\$10
Salads	Finest gourmet ingredients. Fair trade ingredients, where possible. Homemade sauces, organic vegetables, and local (where possible) or imported meats and cheeses.	\$8-\$10
Pastries, muffins and cakes	Finest gourmet ingredients. Fair trade ingredients, where possible. Choice: <ul style="list-style-type: none"> • lactose free • gluten free • vegetarian. 	\$4-\$7
Coffee, tea and hot chocolate	Finest gourmet ingredients. Fair trade, where possible.	\$3-\$4
Milkshakes and iced coffees	Finest gourmet ingredients. Fair trade, where possible.	\$5
Bottled drinks	Variable selection. Fair trade, where possible.	\$3-\$4

Market position

CoffeeVille is a competitively priced, fine coffee and gourmet food supplier. CoffeeVille consumers who appreciate high-quality coffee and food will recognise the value and unique offerings of CoffeeVille:

Product and price

Finest coffee ground fresh by CoffeeVille; Gourmet focaccia, cakes and pastries fresh daily. CoffeeVille prices are competitive but slightly higher than competitors' but such pricing is intended to signify higher quality and brand prestige.

Service

Consistently high level of fast and friendly service provided by skilled and experienced staff. Service is a key differentiator of CoffeeVille's offering.

Catering will be delivered as per customer specifications in line with the CoffeeVille market positioning as a premier service.

Ethics

Fair trade ingredients used wherever possible. CoffeeVille is an environmentally responsible business and uses recyclable packaging. Social and environmental responsibility is a key differentiator of CoffeeVille's offering.

Unique selling position

CoffeeVille is uniquely positioned for its target market. The competition may offer some of what CoffeeVille offers, but not the combination of food and service quality, service speed and social and environmental sustainability.

Anticipated demand

CoffeeVille anticipates 250–300 customers daily, each of which will purchase at least one menu item.

Pricing strategy

Menu pricing is intended to position CoffeeVille as slightly higher priced than its competitors. This pricing strategy is intended to both increase revenue and underpin CoffeeVille's message of higher quality.

Value to customer

The customer views our offering as a touch of luxury: a true, feel-good, cafe experience, which showcases the customer's good taste and ethical awareness.

Growth potential

Consumer research indicates a trend towards a more sophisticated cafe patron. In fact, over recent years, Melbourne has developed a reputation for coffee fanaticism and 'coffee snobbery'. This trend, together with the raw growth of population within the geographic area of the cafe, points towards both a growing market for CoffeeVille and increasing potential for CoffeeVille to attract this market with its unique and compelling value proposition. Sales figures indicate lunchtime foot traffic is trending upwards as time-poor consumers eat out for lunch.

Insurance

Workers compensation

CoffeeVille provides workers compensation for employees in accordance with legislative requirements.

Product liability

CoffeeVille has product liability insurance to \$1,000,000.

Business assets

CoffeeVille assets are insured to current value.

Risk management

Risk	Assess Risk	Controls	Monitoring	Timelines	Responsible
Problems generating visibility.	low	Continuous implementation of marketing strategy.	Continuous monitoring of foot traffic/revenue. Continuous monitoring of market/marketing research.	Monthly	Rufus Belcastran/ Emma Belcastran
Aggressive sales tactics by competitors.	high	Continuous implementation of marketing strategy to highlight key points of difference between us and competitors. Increased frequency of promotional campaigns. Selective discounting.	Continuous monitoring of competitors campaigns.	Monthly	Rufus Belcastran/ Emma Belcastran

Risk	Assess Risk	Controls	Monitoring	Timelines	Responsible
<p>Difficulty sourcing or training skilled and experienced staff.</p>	<p>medium</p>	<p>Targeted advertising in trade magazines and online.</p> <p>Promotional focus on training and development opportunities.</p> <p>Regular training for existing staff.</p> <p>Investigation of competitor wages and seek to match or better if viable from budgetary perspective.</p>		<p>Monthly</p>	<p>Rufus Belcastran/ Emma Belcastran</p>

Risk	Assess Risk	Controls	Monitoring	Timelines	Responsible
Emergence of a competitor within very close proximity.	high	Continuous implementation of marketing strategy to highlight key points of difference between us and competitors. Increased frequency of promotional campaigns. Selective discounting. Adjustment of marketing strategy to ensure differentiation and appropriate positioning of CoffeeVille in order to compete effectively.	Continuous monitoring of competitors campaigns.	Monthly	Rufus Belcastran/ Emma Belcastran
Wastage from poor inventory maintenance.	high	Continuous monitoring. Daily contact with suppliers.	Daily monitoring and anticipation of demand.	Daily	Rufus Belcastran

Legal considerations

Relevant legislation may include:

- health and safety
- food safety
- banking implications following global financial crisis (GFC)
- industrial relations (IR) laws
- possible packaging and labelling laws
- increasingly stringent environmental laws
- traineeships and funding.

Operations

Process

CoffeeVille grinds and prepares coffee and prepares fresh food on site daily. Bread, muffins and prepared pastries are delivered daily from suppliers.

Food and beverages are prepared by cafe employees in accordance with kitchen procedures and CoffeeVille food and hygiene standards, available to staff in the employment handbook provided to all staff on induction.

Suppliers

Current CoffeeVille suppliers are:

- General Restaurant Supplies and Maintenance
- Kopi Coffee Beans
- Pukka Pastries and Baked Goods
- Melbourne Meat Providore.

CoffeeVille will endeavour to maintain good relations with suppliers through regular owner level contacts as required. CoffeeVille suppliers provide credit terms of 30 days, to which CoffeeVille will strictly adhere.

In addition to maintaining good relations with current suppliers, CoffeeVille will continue to identify new sources of coffee and food that will appeal to the evolving needs of targeted segments.

Plant and equipment

Equipment	Purchase date	Purchase price
Pastry display cabinet	1/7/2014	\$10,000
Tables and chairs	1/7/2015	\$10,000
Focaccia and food display and cooling unit	1/7/2015	\$20,000
Espresso machines	1/7/2014	\$40,000
Refrigeration unit for bottled drinks	1/7/2015	\$10,000
Stove cook top	1/7/2015	\$10,000

Inventory

In close consultation with suppliers, CoffeeVille uses a just-in-time stock system. This system is characterised by low stock levels which vary constantly and are replenished daily.

Consequently, coffee beans and bottled drinks are some of the few items that may be inventoried more than two days.

CoffeeVille has determined that this system is the best way to maintain the food freshness and quality standards demanded by customers.

Trading hours

CoffeeVille will trade between the hours of 7 am and 3 pm Monday to Friday. Busiest and most profitable periods are anticipated to be the weekday morning commuting period and lunch times. Weekends and off-periods will be set aside for maintenance, marketing activity and catering preparation.

Communication channels

Customers are encouraged to contact us through email or Facebook. A telephone number is provided on our website.

Payment types accepted

CoffeeVille accepts cash, EFTPOS and credit card payments (Visa, MasterCard, and American Express). A 30 day credit period is available for catering customers.

Credit policy

CoffeeVille has 30 day credit terms for catering customers.

Memberships and affiliations

CoffeeVille is a member of the Melbourne Chamber of Commerce.

Sustainability plan

Environmental/resource impacts

CoffeeVille packaging and waste may impact the environment.

Community impact and engagement

A key component of the CoffeeVille marketing strategy is to communicate our commitment to the environment and community. CoffeeVille will engage with the community through our website and Facebook campaigns to raise awareness and seek feedback.

Risks/constraints

Risks include high cost of sustainable packaging and potential opportunity cost of environmental practices such as energy reduction. Staff may also be unaware of CoffeeVille strategic directions and may need additional training.

Strategies

CoffeeVille will conduct monthly environmental audits and review. CoffeeVille will also seek community engagement and feedback through media channels such as our website and Facebook page.

Action plan

Sustainability milestone/ activity	Target	Target date
Reduce water consumption	20% reduction	2017
Reduce energy consumption	10% reduction	2017
Conduct environmental audit		August 2016
Complete environmental training (integrated with CoffeeVille policies and strategic directions)	-	September 2016
Conduct environmental review of suppliers	-	August 2016
Conduct survey of market environmental concerns via internet and social media	2,000 respondents	August 2016

The Market

Market research

CoffeeVille possesses reliable information about the market, and, through two full years of operations, has extensive knowledge of the common attributes of our customers. Information has been sourced through:

- Melbourne Chamber of Commerce reports
- market research purchased from private consultancy (Action Marketing)
- marketing research undertaken by CoffeeVille and Action Marketing on targeted consumer groups such as information collected at point-of-sale, through website traffic monitoring, social media monitoring, interviews and surveys.

Market targets

CoffeeVille sales targets are:

- \$105,000 total sales monthly:
 - 300 cups of coffee daily = \$24,000/month
 - 150 focaccias and salads daily = \$24,000/month
 - 230 pastries and muffins daily = \$25,000/month
 - 50 bottles of soft drink daily = \$2,000/month
 - 10 catered lunches/week = \$30,000/month

Environmental/industry analysis

Economic environment

The unemployment rate remains at under 5%. Steady or moderately falling interest rates underpin business and consumer confidence. Growth is forecast across the economy at a modest 2–3%. Victoria and Melbourne are forecast to grow in this mid range.

From a consumer and marketing perspective, CoffeeVille represents a low cost and low risk means to achieve a touch of luxury in uncertain economic times. Consumers may refrain from buying big-ticket items (TVs, cars, etc.) but may pamper themselves with fine coffees and food to compensate.

Political environment

Relevant legislation may include:

- health and safety
- food safety
- banking implications following GFC
- IR laws
- possible packaging and labelling laws
- increasingly stringent environmental laws
- traineeships and funding.

The last three types of legislation may be particularly important for CoffeeVille's business and marketing activities. As noted, ethical business practice such as fair trade and rainforest alliance are beginning to be increasingly on people's political radar. More stringent packaging laws may allow CoffeeVille to highlight its ethical and responsible approach to business.

In a similar way, environmental legislation may allow CoffeeVille to promote its low-impact approach to advertising while also disadvantaging the competition, which may need to alter their practices to comply.

Finally, CoffeeVille anticipates that the Australian Government focus in future legislative direction will be about 'growing the economy' and 'skills growth', which CoffeeVille sees as a positive for its business model. From a marketing perspective, CoffeeVille will be able to promote its approach to training and providing customers with expert service.

Social environment

Consumers are increasingly aware of working conditions in other countries and increasingly want to contribute to better social and economic outcomes globally. Consumers are also concerned about the environment. CoffeeVille will endeavour to promote itself as environmentally and socially responsible and conduct business operations accordingly. In this way, CoffeeVille will offer value to the consumer and position itself as a leader in social and environmental responsibility.

Technological environment

Internet, information, and social networking technologies continue to evolve and provide new challenges and opportunities for marketing. CoffeeVille will continue with its effective use of its website and social networking to reach its target markets.

Our customers

Customer demographics

The profile for a CoffeeVille customer consists of the following geographic, demographic, and behaviour factors:

- Overview CBD
 - large percentage of office workers (80% of daytime trade)
 - area population growing at 8% per year
- Geographic
 - our immediate geographic target is the area of within 500 metres of the cafe.
 - the total area population is estimated at 45,000
- Demographics
 - male and female
 - ages 20–60; this is the age-group that makes up 83% of the available daytime market
 - full-time employment
 - an income over \$50,000
- Behaviour Factors
 - eat out most times for lunch in a week
 - tend to patronise fast service cafes
 - enjoy a high quality meal
 - value quality
 - value ethical and sustainable practices

Target segments

The market has been divided into three target markets or segments: Individual takeaway; Individual sit-down; Groups (Organisations and business catering).

Individual takeaway

According to market research undertaken by Action Marketing, the estimated total potential size of this market is 12,000–15,000. The market size is growing at 5% annually, as Melbourne grows generally and as social trends point to increasing awareness of social/environmental issues and desire for quality food within the area population.

The profile of a customer within this segment is:

- aged between 20 and 60
- regular commuters
- clerical or professional
- income over \$40,000
- moderately price-sensitive but may see higher price as indicator of quality
- sensitive to service and food quality
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

Individual sit-down

According to market research undertaken by Action Marketing, the estimated total potential size of this market is 4,000–5,000. As with individual sit-down, the market size is growing at 5% annually, as Melbourne grows generally and as social trends point to increasing awareness of social/environmental issues and desire for quality food within the area population.

The profile of a customer within this segment is:

- aged between 35 and 60
- regular commuters
- potentially tourist, foreign or domestic
- clerical or professional: may be managers holding informal meetings or interviews
- income over \$60,000
- highly sensitive to service and food quality: eager to impress colleagues, others
- sensitive to peer influences
- consider themselves socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

Groups (organisations and business catering)

According to market research undertaken by Action Marketing and CoffeeVille, the estimated total potential size of this market is 650 businesses. The number of businesses targeted by CoffeeVille is likely to remain steady.

The profile of a customer within this segment is:

- aged between 35 and 60
- regular commuters
- clerical or professional: may be represented by managers holding formal business meetings, training or special events
- highly sensitive to service and food quality: eager to impress colleagues
- sensitive to peer influences
- moderately price-sensitive
- income over \$60000
- represent workplaces in which employees are socially and environmentally responsible
- technologically literate: users of online social media
- working in businesses within 500 metres of CoffeeVille.

Customer management

CoffeeVille will communicate with customers through targeted direct mail and social media campaigns. The company will encourage feedback through email and social media and will highlight positive company responses to feedback in marketing messages.

CoffeeVille will work to develop its strict customer service and food quality standards and incorporate these into employee handbooks.

S.W.O.T. analysis

Strengths	Weaknesses
<p>Excellent staff, highly skilled at coffee making and food preparation.</p> <p>Great location.</p> <p>High customer loyalty.</p> <p>Coffee and food offerings that exceed competitors' offerings in quality and speed.</p>	<p>A limited marketing budget to develop brand awareness.</p> <p>Limited space and capacity to serve more customers.</p> <p>High cost of sales associated with choice to provide fair trade and organic food and coffee.</p>
Opportunities	Threats
<p>Strong market potential. A significant percentage of the target market still not visiting CoffeeVille on a daily basis.</p> <p>Expansion and franchising.</p> <p>Extension of business hours.</p> <p>Corporate catering.</p>	<p>Competition from local cafes and food service providers.</p> <p>Uncertainty of worldwide coffee supplies.</p> <p>Potential shifts in population when buildings or streets are redeveloped.</p>

Our competitors

Competitor details

Competitor	Established date	Size	Market share (%)	Value to customers	Strengths	Weaknesses
Focaccia Buzz	2006	15 staff	15%	Offers fun alternative for the lunchtime business crowd.	Offers consumers maximum choice, allowing the customer to assemble their focaccias as they wish.	Food quality is average. No fair trade. No green business practices.
Zelda's	2004	10 staff	15%	Offers excellent food and drinks for the lunchtime business crowd.	Sandwiches are made with high-quality ingredients. The price-point is high, but the food is quite good. Also has licence to serve alcohol.	Has a limited selection of coffees. No fair trade. No green business practices.
Coffee Mia	2012	15 staff	15%	Offers good quality at reasonable prices.	Offers good coffee and cake at a lower price point.	No fair trade. No green business practices.

CoffeeVille Business Plan

Competitor	Established date	Size	Market share (%)	Value to customers	Strengths	Weaknesses
Café Verdi	2013	15 staff	10%	Offers comfort food at a reasonable price-point.	Has a medium-priced menu of pre-made pasta and deep fried snacks.	Unwelcoming atmosphere.
McDonald's McCafe	2012	20 staff	5%	Offers consistent, fast, low-priced food and service.	Much lower price point. Relatively fast.	Offers lower quality coffee and food.
Subway	2011	7 staff	5%	Offers consistent, fast, healthy low-priced food and service	Much lower price point. Offers fresh salad and healthy options.	Offers lower quality coffee and food.
Sushi Mi	2014	10 staff	5%	Offers slightly different, fast, healthy low-priced food and service.	Interesting selection of sushi and sashimi. Much lower price point. Offers fresh salad and healthy options. Relatively fast service.	Offers lower quality coffee. No fair trade. No green business practices.
7/11	2012	10 staff	5%	Offers consistent, fast, low-priced food and service	Very low price point. Extremely quick service.	Offers very low quality coffee and food.

Advertising and sales

Sales and marketing objectives

- To position CoffeeVille as a provider of a superior coffee experience and supplier of gourmet food in the CBD.
- Increase foot traffic from 250 to 300 customers per day.
- Increase brand recognition so that at least eight in ten people within area (500 metres) recognise our brand in surveys conducted by CoffeeVille and Action Marketing.
- Establish good will within our target market so that at least seven of ten people within area (500 metres) rate our company as socially and environmentally responsible.

Advertising and promotional strategy

Planned promotion/ advertising type	Expected business improvement	Cost (\$) per year	Target date/ timeline
Marketing plan completion	Provide direction to marketing activities and coordinate with business plan.	-	June 2016
Weekly magazine advertising	Will target key takeaway and sit down customers.	\$13,000	Thursdays weekly; for following week
Monthly direct mail (DM)	Will target catering customers with key messages.	\$7,000	1st Monday of each month
DM campaign 1	Will target catering customers with key messages based on up to date customer needs.	\$2,500	1/7/2016

Planned promotion/ advertising type	Expected business improvement	Cost (\$) per year	Target date/ timeline
DM campaign 2	Will target catering customers with key messages based on up to date customer needs.	\$2,500	2/2/2016
Website maintenance	Will allow message to computer literate customers to be updated.	\$3,000	Daily
Website content update in line with current campaigns and offerings	Will allow information on site to coordinate with and enhance customer calls to action from campaigns.	\$3,000	Daily
Facebook campaign 1	Will reach growing number of social network users and use potential for viral and word of mouth promotion.	\$1,500	1/7/2016
Facebook campaign 2	Will reach growing number of social network users and use potential for viral and word of mouth promotion.	\$1,500	2/2/2017

Sales and distribution channels

Channel type	Products/services	Percentage of sales (%)	Advantages	Disadvantages
Cafe	Cafe menu items for take way and sit down customers.	70–80%	Storefront attracts walk-in traffic. Centrally located and provides for one location of inventory, labour, contact with community.	Business premises must be maintained. Costs: rent, energy etc. Legal and regulatory requirements for maintenance and safety must be met.
Catering	Cafe menu items and custom menus for business and organisational groups.	20–30%	Catering preparation may be done at cafe or elsewhere: flexible and mobile business. Low overhead.	Travel and distribution costs.

The Future

Vision statement

Within five years, CoffeeVille will have established itself as a premier provider of gourmet coffee and food for the ethical and socially aware Melbourne coffee drinker. CoffeeVille will have expanded to a number of key locations in the Melbourne CBD.

Mission statement

CoffeeVille provides a unique and compelling cafe experience for the discriminating and socially aware Melbourne coffee drinker. CoffeeVille provides:

- high quality, fair trade, coffee
- superior hot and cold gourmet food and beverages
- consistently high level of expert and knowledgeable, fast and friendly service.

Strategic directions

- Increase revenue through targeted marketing campaigns.
- Control direct and indirect operational costs.
- Maintain superior product and service quality standards.
- Establish CoffeeVille brand as ethical and environmentally responsible company.
- Maintain highly trained and motivated staff.

Action plan

Please note: This table does not include sustainability or marketing activities as they are listed in the sections above.

Activities	Dates/timelines	Person responsible
Budget review by store and preparation of budget variation report.	Quarterly	Rufus Belcastran
Renegotiation with suppliers: <ul style="list-style-type: none"> • Negotiate on basis of sales volume. • Negotiate on basis of ability to purchase stock on cash basis. 	Monthly or as required	Rufus Belcastran
Conduct customer satisfaction survey.	Quarterly	Rufus Belcastran
Conduct spot checks on quality of products and service.	Biweekly	Rufus Belcastran/ mystery shopper
Review of supplier credentials and preparation of report with supplier ratings tables.	Quarterly	Emma Belcastran
Conduct spot checks on environmental practices at stores.	Biweekly	Emma Belcastran
Monthly barista training.	Monthly or as required	Emma Belcastran
Monthly product and service training.	Monthly or as required	Emma Belcastran
Biannual and yearly performance review of employees.	Monthly or as required	Emma Belcastran/ store manager
Conduct review and evaluation of possible locations for expansion.	1/1/2017	Rufus Belcastran

The Finances

Key objectives and financial review

Financial objectives

1. Minimum 10–15% increase in gross profit income each year.
2. Reduce the overhead per store through disciplined growth.
3. Decrease the cost of sales.

Finance

On start-up in 2009, both partners contributed \$150,000 to the business to cover initial costs and ensure cash flow. The business also took out a small business loan of \$200,000. CoffeeVille anticipates a profit for the financial year of approximately \$230,000. This figure represents a 15% improvement over profit figures for the previous financial year.

Assumptions

The financial tables on the subsequent pages are based on the assumptions listed below:

- The unemployment rate in Melbourne area remains at under 5%.
- Steady or moderately falling interest rates continue to underpin business and consumer confidence.
- Growth across the economy proceeds at a modest 2–3%.
- Demographic and immigration trends for Melbourne area continue.

Budget for 2016/17

Account	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
Income													
Food sales	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$480,000
Beverage sales	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$420,000
Catering fees	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$360,000
Total income	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$1,260,000
Cost of sales													
Food purchases	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$360,000
Beverage purchases	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$240,000
Total cost of sales	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$600,000
Gross profit	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$660,000
Expenses													
Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Depreciation expense	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$72,000
Insurance	\$5,000	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$10,000
Super-annuation	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$1,036	\$12,432
Wages and salaries	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$96,000
Workers' compensation	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400

CoffeeVille Business Plan

Account	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total
Rent	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
Telephone	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Electricity	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Gas	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Water	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Total expenses	\$36,636	\$31,236	\$31,236	\$31,236	\$31,236	\$31,236	\$36,236	\$31,236	\$31,236	\$31,236	\$31,236	\$31,236	\$385,232
Operating profit	\$18,364	\$23,764	\$23,764	\$23,764	\$23,764	\$23,764	\$18,764	\$23,764	\$23,764	\$23,764	\$23,764	\$23,764	\$274,768
Other income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other expenses													
Interest expense	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Training	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Total other expenses	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
Net profit / (loss)	\$14,864	\$20,264	\$20,264	\$20,264	\$20,264	\$20,264	\$15,264	\$20,264	\$20,264	\$20,264	\$20,264	\$20,264	\$232,768

Balance sheet forecast

Assets

Current assets	
Cash on hand	
Cheque account	\$500,000
Payroll cheque account	\$70,000
Cash drawer	\$650
Petty cash	\$380
Undeposited funds	\$780
Electronic clearing account	\$49,995
Total cash on hand	<u>\$621,805</u>
Total current assets	<u>\$621,805</u>
Property, plant and equipment	
Kitchen equipment	
Kitchen equipment at cost	\$100,000
Total kitchen equipment	<u>\$100,000</u>
Office equipment	
Office equipment at cost	\$40,000
Total property, plant and equipment	<u>\$140,000</u>
Total Assets	<u>\$761,805</u>

Liabilities

Long-term liabilities	
Bank loans	\$200,000
Total long-term liabilities	<u>\$200,000</u>
Total liabilities	<u>\$200,000</u>
Net Assets	<u>\$561,805</u>

Equity

Retained earnings	\$561,805
Current year earnings	\$232,768
Total Equity	<u>\$794,573</u>

Profit and loss forecast

Income

Food sales	\$480,000
Beverage sales	\$420,000
Catering fees	\$360,000
Total Income	<u>\$1,260,000</u>

Cost of Sales

Food purchases	\$360,000
Beverage purchases	\$240,000
Total Cost of Sales	<u>\$600,000</u>
Gross Profit	<u>\$660,000</u>

Expenses

Marketing	\$60,000
Depreciation expense	\$72,000
Insurance	\$10,000
Employment expenses	
Superannuation	\$12,432
Wages and salaries	\$96,000
Workers' compensation	\$400
Total employment expenses	<u>\$108,832</u>
Rent	\$120,000
Telephone	\$1,200
Services	
Electricity	\$6,000
Gas	\$6,000
Water	\$1,200
Total Expenses	<u>\$385,232</u>
Operating Profit	<u>\$274,768</u>

Other Income

Total Other Income	<u>\$0</u>
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Other Expenses

Interest expense	\$24,000
Training	\$18,000
Total Other Expenses	<u>\$42,000</u>
Net Profit/(Loss)	<u>\$232,768</u>

Expected cash flow

Cash Flow from Operating Activities

Net income	\$232,768
Kitchen equipment accum dep	\$30,000
Office equipment accum dep	\$20,000
GST collected	(\$70,850)
GST paid	\$48,100
PAYG withholding payable	(\$24,000)
Net Cash Flows from Operating Activities	\$236,018

Cash Flow from Investing Activities

Net Cash Flows from Investing Activities	\$0
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Cash Flow from Financing Activities

Partner A drawings	(\$60,000)
Partner B drawings	(\$60,000)
Net Cash Flows from Financing Activities	(\$120,000)
Net Increase/Decrease for the Period	\$116,018
Cash at the beginning of the period	\$621,805
Cash at the End of the Period	\$737,823

Break-even analysis

Average price of each product/service sold	\$6.00
Average cost of each product/service to make/ deliver	\$3.00
Fixed costs for the month/year	\$400,000.00
Percentage of price that is profit	\$0.50
Total sales needed to break-even	\$800,000.00