



B4Bakers


Enhancing Life around great food


Business Plan


2020 - 21

Prepared By

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Executive Summary

Business Overview



TIP

B4Bakers is a bakery retail establishment located in southwest Saskatchewan. It expects to catch the interest of a regular loyal customer base with its broad variety of bakery and pastry products. The business also offers cake decorating classes from Wilton, the leading food crafting company in the industry. B4Bakers will be operating in a town with very little bakery shop competition. Our aim is to provide high quality, healthy and organic

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Products & Services



TIP

B4Bakers offers a broad range of bakery products, all from high-quality ingredients. The bakery provides freshly prepared bakery and pastry products at all times during business operations. Six to eight moderate batches of bakery and pastry products are prepared during the day to assure fresh baked goods are always available.

In addition to baked goods, B4Bakers will sell breakfast and lunch

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Customer Focus



TIP

B4Bakers will primarily serve the residents within a 5-mile radius of our store. The demographics of these customers are as follows:

- 27,827 residents
- The average income of \$74,700
- 58.9% married

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Operations Plan



TIP

The Bakery will be located in Saskatchewan. The bakery will be situated on a family farm. The family wants to supplement the farm income by setting up this business. The initial costs for establishing The bakery are shown in Table 1.

Table 1. Initial Capital Costs

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Management Team



JOHN DOE

Owner - john.doe@example.com

B4Bakers is led by John Doe who has been in the bakery business for 20 years. While Mr. Doe has never run a bakery himself, he has taught baking classes at the local high school for 20 years and has worked part-time at bakeshops throughout the region over the past 10 years. As such Mr. Doe has an in-depth knowledge of the bakery business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

Keys To Success



TIP

B4Bakers is uniquely qualified to succeed due to the following reasons:

- There is currently no upscale bakery in the community we are entering. In addition, we have surveyed the local population and received extremely positive feedback saying that they explicitly want to frequent our business when launched.

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Financial Highlights



TIP

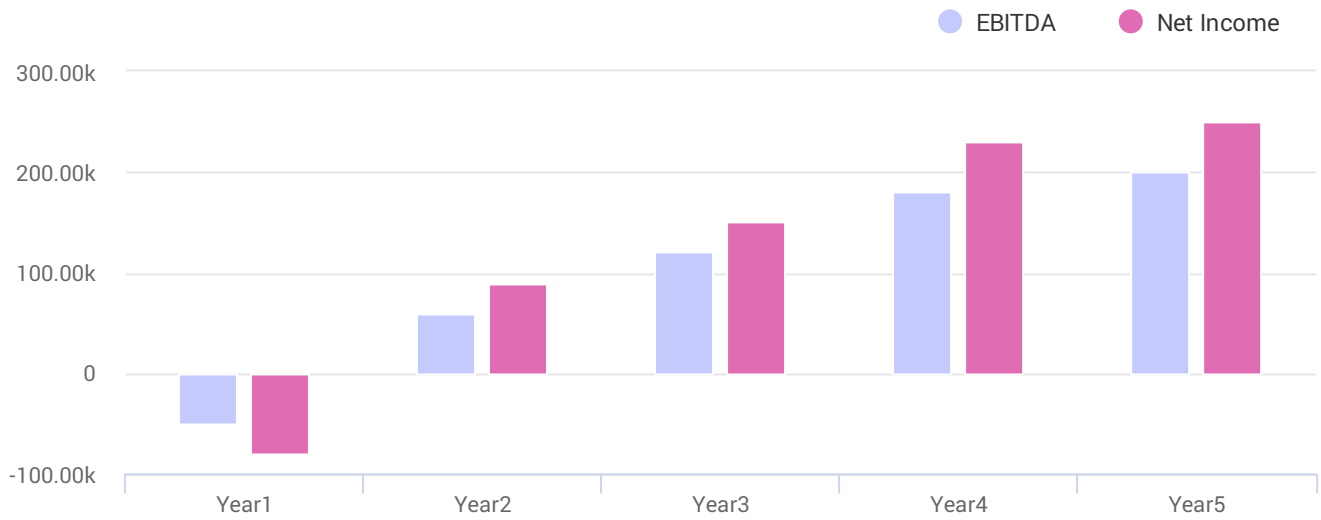
B4Bakers is currently seeking \$370,000 to launch. Specifically, these funds will be used as follows:

- Store design/build: \$250,000
- Working capital: \$120,000 to pay for Marketing, salaries, and lease costs until [Company Name] reaches break-even

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EBITDA, Net Income



Company Overview

About B4Bakers



TIP

B4Bakers, located in Saskatchewan is a new, upscale bakery focusing on providing organic, healthy, and/or premium baked goods. We also sell breakfast and lunch sandwiches, salads and soups, and serve a variety of coffees and teas.

B4Bakers was founded by John Doe. While John Doe has been in the business for some time, it was in [month, date] that he decided to launch

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B4Bakers's History



TIP

Upon returning from Fort Lauderdale, surveying the local customer base, and finding a potential retail location, Mr. doe incorporated B4Bakers as an S-Corporation in Jan 2012.

The business is currently being run out of B4Bakers' home office, but once the lease on B4Bakers's retail location is finalized, all operations will be there

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Products & Services



TIP

Below is B4Bakers's initial menu. All items will be 100% natural and organic. As you can see all items are classified under the following eight main categories:

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Soups



Breakfast Sandwiches



Croissants and Danish



Muffins and Scones



Sandwiches and Wraps



Salads



Bagels

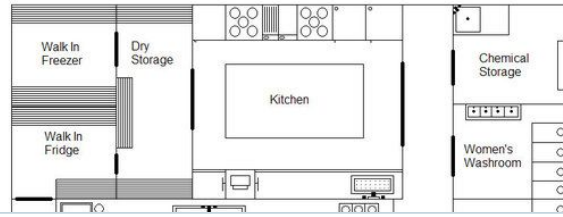


Cookies and Desserts




Store Design



TIP



Legend:

-  = Chair
-  = Shelf
-  = Door

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Industry Analysis



TIP

B4Bakers directly or indirectly competes with all food service providers nearby our store that offer similar products, mainly breakfast foods, bread, desserts, sandwiches, and salads. The competition will come from supermarkets, restaurants, coffee shops, bakeries, and other retail establishments. The direct competition will come from companies offering 100% natural, organic products like B4Bakers.

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Industry Statistics & Trends



TIP

The following industry statistics bode well for B4Bakers.

According to the recent report entitled, "Retail Bakeries Industry in the Canada" by Supplier Relations Canada, LLC, the retail bakery industry's annual revenue is approximately \$3.6 billion, with an estimated gross profit of 25.52%.

According to a recent report by Modern Baking, the median annual

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Customer Analysis



TIP

B4Bakers will serve the residents of Saskatchewan and the immediately surrounding areas as well as those who work in Saskatchewan.

The area we serve is affluent and has an affinity for healthy and organic foods and beverages like we will be offering.

We will primarily target the following four customer segments:

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Customers



Soccer/stay-at-home moms

The town has a large population of stay-at-home moms who are active in the school and community. These moms often meet for lunch or coffee and B4Bakers will provide a perfect place for them to congregate. (We also expect mothers to take their children to B4Bakers for after school and weekend snacks and meals.)



Morning commuters

Many local residents drive to neighboring towns or take the nearby train to work. B4Bakers is conveniently located for these individuals to pick up coffee or a breakfast sandwich in the morning or pick up a sandwich in the evening.



Local office workers

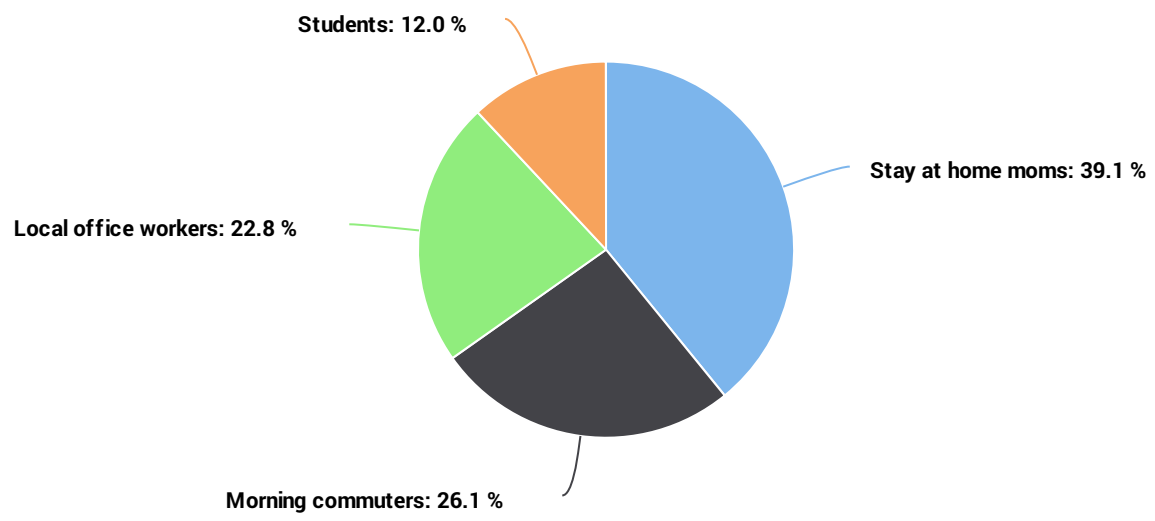
Approximately 5,000 individuals work in offices within a quarter mile of our location and we expect a fair portion of these individuals to frequent us during the morning and lunch hours.



Students

there is a middle school and a high school in the town and the high school is within one half mile. Students from these schools will be targeted to frequent B4Bakers.

Customer Segments



Competitive Analysis

Direct & Indirect Competitors

The following retailers are located within a 2-mile radius of B4Bakers, thus providing either direct or indirect competition for customers:



TIP

Joe's Supermarket is the town's leading grocery store and has been in business for 32 years. Joe's offers a wide array of all the products that you typically find in a grocery store.

Joe's also has an in-house bakery. However, less than 10% of the products served in their bakery are made with organic ingredients. In addition

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Joe's Supermarket

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TIP

Old Time Bakery has been in business for 14 years. Old Time offers a variety of baked goods, primarily cookies, and desserts.

However, B4Baker has several advantages over Old Time Bakery including:

- Old Time Bakery offers few products baked with organic ingredients.
- Old Time Bakery does not offer sandwiches, soups, or salads.

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Old Time Bakery

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TIP

Freddy's Deli has located four stores to the East of us. Freddy's has been in business for the past 21 years and enjoys great success, primarily due to its prime location (which we will also have).

Freddy's primarily offers breakfast and lunch sandwiches and soups, some cookies and cakes, as well as a variety of packaged goods.

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Freddy's Deli

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Competitive Pricing



TIP

Here is the pricing of our key competitors:

Type of food	Joe's	Old Time	Freddy's
Coffee / Tea	\$2.75 - \$5.75	\$2.95 - \$4.50	\$2 - \$5.50

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Competitive Advantage

The B4Bakers enjoys several advantages over its competitors. These advantage include:



Location

The B4Bakers's location is near the center of town, giving us access to commuters going and leaving the train station, local office workers, and passerby's going to local shops. We also offer adequate parking making it easy for customers to patronize us.



100% Natural/Organic/High-Quality Ingredients

Getting 100% Natural/Organic baked goods, soups, sandwiches and more in the local market is challenging if not impossible. No other retailer offers direct substitutes or competition for most of our products.



Management

Our management team has years of business and marketing experience that allows us to market and serve customers in a much more sophisticated manner than our competitors.



Relationships

Having lived in the community for 25 years, The B4Bakers knows all of the local leaders, newspapers and other influencers. As such, it will be relatively easy for us to build branding and awareness of our bakery.

Marketing Plan

The B4Bakers Brand



TIP

The B4Bakers brand will focus on the Company's unique value proposition:

- Offering organic, high-quality food items including baked goods, sandwiches, soups, salads, and more.
- Offering a convenient location that offers both eat-in or take-out options.
- Providing excellent customer service

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Promotions Strategy

B4Bakers expects its target market to be individuals working and/or living within a 5-mile radius of each of its store. The Company's promotions strategy to reach these individuals includes:



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The B4Bakers will blanket neighborhoods surrounding its locations with direct mail pieces. These pieces will provide general information on the B4Bakers, offer discounts, and/or provide other inducements for people to frequent the store.

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Direct Mail

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TIP

We will contact all local and area newspapers and television stations to tell them about the opening and unique value proposition of B4Bakers.

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Public Relations

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TIP

The B4Bakers will initially advertise in local newspapers and sponsor community events in order to gain awareness.

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Advertising

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TIP

B4Bakers employees will initially give free food samples to passerby's to enable them to taste the quality of our products and learn about us.

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Sampling

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TIP

B4Bakers will maintain a website and publish a monthly email newsletter to tell customers about new events, products, and more.

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Ongoing Customer Communications

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TIP

Before opening the store, The B4Bakers will organize pre-opening events designed for prospective customers, local merchants, and press contacts. These events will create buzz and awareness for The B4Bakers in the area.

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Pre-Opening Events

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Pricing Strategy



TIP

The B4Bakers' pricing will be moderate so customers feel they receive great value when patronizing the stores.

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Operations Plan

Functional Roles

In order to execute on the B4Bakers's business model, the Company needs to perform many functions including the following:



TIP

- General & Administrative functions including legal, marketing, bookkeeping, etc.
- Sourcing and storing ingredients
- Hiring and training staff

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Administrative Functions

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TIP

- Food preparation
- Ongoing menu creation and modification

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Kitchen Functions

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TIP

- Order taking and fulfillment (for take-out and dine-in)
- Customer service
- Janitor/maintenance personnel to keep the store clean

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Store/Retail Functions

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Milestones



TIP

The B4Bakers expects to achieve the following milestones in the following 5 months:

- Level of Priority Time to Implementation
- 0-2 Months 3-4 Months 5-6 Months 8-12 Months
- Urgent Strategic Planning & Business Plan Development Sec

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Management Team

Management Team Members



JOHN DOE

Owner - john.doe@example.com

The B4Bakers is led by John Doe who has been in the bakery business for 20 years.

While [Founder] has never run a bakery himself, he has taught baking classes at the local high school for 20 years. Two courses that he taught included:

1. How To Bake Wedding Cakes

This course was designed to give students an overall understanding of baking wedding cakes. The student was taught to bake and decorate traditional and contemporary wedding cakes, and cakes for special occasions.

2. How To Bake Bread

This course was designed to give students an overall understanding of baking bread, and included four units teaching students to bake the following types of bread: Levain, baguettes, pain bordelaise; baguettes, bagels, flatbread; brioche, croissants, and challah; pizza, focaccia, ciabatta.

Mr. Doe has also worked part-time at bakeshops throughout the region over the past 10 years. Specifically, he has worked for Giana's Bakery where he has prepared all wedding cakes. He has also trained several others in the art of creating commercial cakes and pastries.

Mr. Doe graduated from the University of ABC where he majored in Communications.

Hiring Plan



TIP

The B4Bakers will serve as the store manager. In order to launch our store, we need to hire the following personnel:

- Wait staff (2 full-time equivalents to start)
- Short-order cook (1 to start)
- Baking staff (1 to start)

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Financial Plan

Revenue and Cost Drivers



TIP

The B4Bakers's revenues will come from the sale of natural and organic food products to its customers.

The Company will have dine-in, takeout, and possibly delivery systems to cater to a broad spectrum of customers in its target market.

The major costs for the company will be food production costs and salaries of

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Capital Requirements and Use of Funds



TIP

The B4Bakers is seeking total funding of \$370,000 to launch its store. The capital will be used for funding capital expenditures, manpower costs, marketing expenses, and working capital.

Specifically, these funds will be used as follows:

- Store design/build: \$250,000

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Key Assumptions

Number of customers per day	Per location	Number of locations started	
FY 1	100	FY 1	1
FY 2	105	FY 2	0
FY 3	110	FY 3	0
FY 4	116	FY 4	0
FY 5	122	FY 5	0
Average order price	\$14.00	Cost of goods sold	
		FY 1	23.00%

Number of customers per day	Per location	Number of locations started	
The annual increase in order price	5.00%	FY 2	22.00%
		FY 3	20.00%
Annual Lease (per location)	\$60,000	FY 4	19.00%
Yearly Lease Increase %	2.50%	FY 5	18.00%

Financial Projections

Income Statement (5 Year projections)

	Year 1	Year2	Year3	Year4	Year5
Revenues					
Product/Service A	\$151,200	\$333,396	\$367,569	\$405,245	\$446,783
Product/Service B	\$100,800	\$222,264	\$245,046	\$270,163	\$297,855
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Other Expenses	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604

	Year 1	Year2	Year3	Year4	Year5
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.00%	13.00%	16.30%	19.40%

Balance Sheet (5 Year projections)

	Year1	Year2	Year3	Year4	Year5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liabilities	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,06

Cash Flow Statement (5 Year projections)

	Year1	Year2	Year3	Year4	Year5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
SUMMARY					
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389