





Cooper's Cup Coffee Shop


Coffee is always a good idea


Business Plan


2020 - 21

 John Doe

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Executive Summary



TIP

The Cooper's Cup will be a new cafe located in the Phoenix city of Arizona. The 1,500 square foot café will be located in the newly constructed Market Square Plaza located on the northeast corner of 135th Street and Mission Street. The anchor tenant, the Price Chopper grocery store, has already taken occupancy and the excellent location brings more than 10,000 shoppers weekly.

The Cooper's Cup, aptly named for the aromatic brown liquid that v

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Objectives



TIP

The primary objectives of the business plan for Cooper's Cup are below:

- To increase revenues \$36,000 or 5% in Year 2 and \$73,000 or 10% by Year 3
- Achieve a profit margin of 5.2% in Year 2 and 6.90% by Year 3
- Be the Cafe of Choice in the Phoenix area and recipient of the

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Mission Statement



TIP

The Cooper's Cup is committed to its products and employees which they believe is the recipe for market success.

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Guiding Principles



TIP

The Cooper's Cup is committed to values such as excellence, passion, quality, integrity, and leadership which allow them to navigate challenges and provide for future opportunities. These core beliefs start with their commitment to their products and their employees. Cooper's Cup rewards excellence and cherishes loyalty. The cafe will work with its employees to build strong businesses and a secure future.

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Keys to Success



TIP

The Cooper's Cup stands out from the competition. Below are their Keys to Success:

Great Products – providing exemplary products at market prices – will make customers want to return again and again

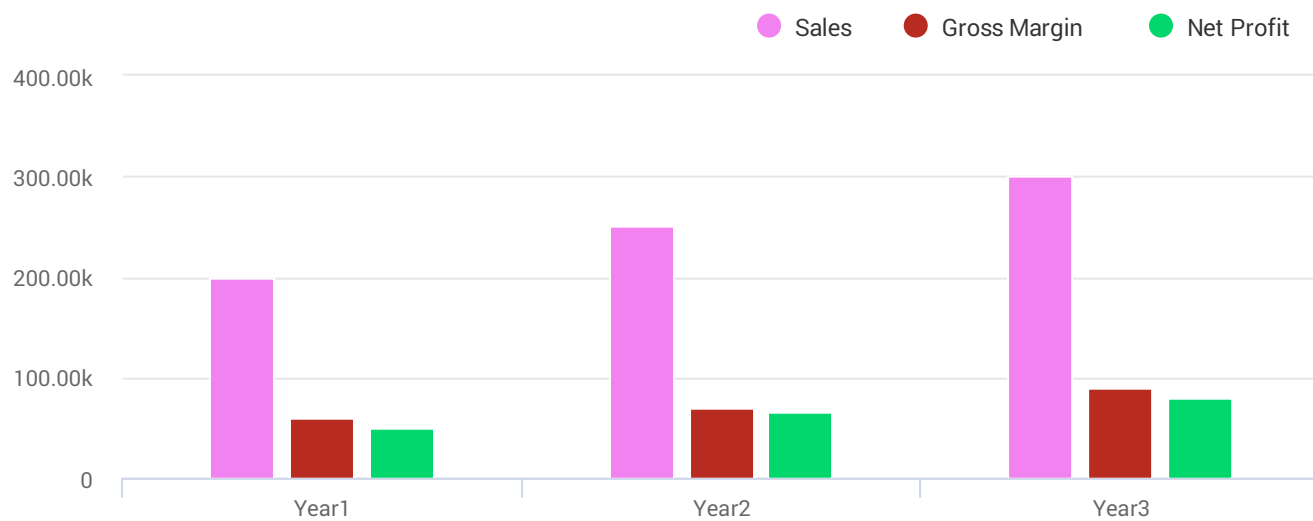
Hire Quality Baristas – Pay employees rates similar to the larger c

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Financial Summary

Net Income



Financial Year	Sales	Gross Margin	Net Profit
Year1	200000	60000	50000
Year2	250000	70000	65000
Year3	300000	90000	80000

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Business Overview



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Ownership

Owners

100%

John Doe
100 Shares



JOHN DOE

Owner - johnd@example.com

The Cooper's Cup will be owned 100% by John Doe. Mr. Doe a graduate of Arizona State University has an undergraduate degree in business administration. During high school, he worked as a waiter in a local hospital coffee shop that purchased its beans from a local roaster. In addition to being an avid coffee drinker himself, this job allowed him to learn about the business first-hand. In college, Doe worked in a campus coffeehouse for four years, eventually rising to the position of assistant manager. Following graduation, Doe secured a business development position for a regional restaurant chain, which provided additional first-hand exposure to the food and beverage industry—especially the steps involved in establishing new locations.

Legal Form



The Cooper's Cup will be formed as an S-Corporation wholly owned by Mr. Doe.

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Start-Up Summary



TIP

The Cooper's Cup will have seating for 40 patrons. The rent is \$2,075 a month, with a three-five-year lease available. The site consists of 1500 square feet of leased space consisting of a dining room, a coffee bar, two restrooms, and a storage room in the back. To be used as a restaurant, this storefront needs to be plumbed and wired appropriately. Painting, new floors, and countertops are also needed. A custom coffee bar needs to be built. With materials

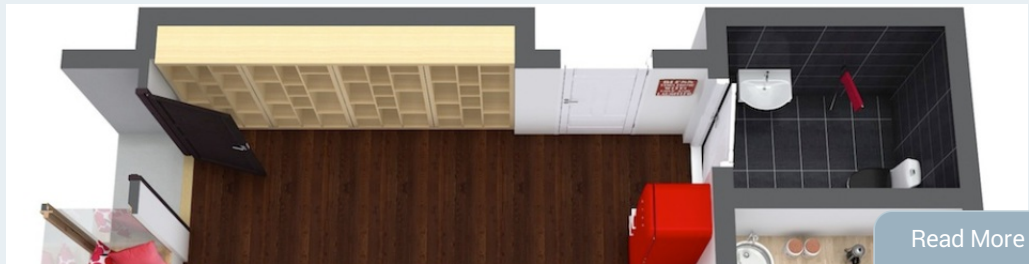
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Location and Facilities



TIP



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Products and Services

Products/Services Descriptions



The Cooper's Cup's primary offering is gourmet roasted coffees with such varieties such as mocha, Carmelicious, white mocha, candy bar latte, and brewed coffee. Complementing the coffee will be a smoothie line including wild berry, strawberry, peach, mango, and lemonade. Rounding out the simple menu line will be pastries obtained with an outside supplier, freshly made and delivered daily. The pastry offerings may vary with seasonality but the primary line will muffins, bread, cookies, scones, and rolls.

Menu



Mocha



Carmelicious



White mocha



Candy Bar Latte

Product/Service Sourcing



TIP

The Cooper's Cup has negotiated supplier agreements with several local food-service wholesalers and coffee wholesalers in the Phoenix area that have a reputation for quality and reliability:

- Mean Beans Coffee Roasters
- Phoenix Brewers

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Inventory Management

Warehousing and Fulfillment

Future Products/Services



TIP

Young families which comprise the third largest market share in Phoenix, are often overlooked in the coffee market. Coffeehouses traditionally have not been considered 'kid' friendly. To overcome this hurdle, the Cooper's Cup has long term plans (5 years) to open a 2nd coffee shop: A combination indoor play area/coffee bar. This concept allows parents and caregivers an opportunity to meet and relax with other adults while the children can enjoy the in-

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Market Analysis



TIP

Phoenix, Arizona is an award-winning place to live and work and is considered the leading business community in the Midwest. National publications and organizations recognize Phoenix for its business environment and livability. Here's a sampling: 6th Place, America's Best Places to Live Money, Top 50 Cities to Live and Play, National Geographic Adventure, 3rd Hottest Town in the U.S., Money, Among 20 Best Places to Live & Work Employment Re

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Industry Analysis



TIP

The US coffee shop industry includes about 20,000 stores with combined annual revenue of about \$10 billion. Major companies include Caribou Coffee, International Coffee & Tea (The Coffee Bean & Tea Leaf), Peet's Coffee, and Starbucks. The industry is concentrated: the top 50 companies generate more than 70 percent of sales. Coffee shops are part of the specialty eatery industry, which also includes retail outlets specializing in products such as b

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TIP

Consumer taste and personal income drive demand. The profitability of individual companies depends on the ability to secure prime locations, drive store traffic, and deliver high-quality products. Large companies have advantages in purchasing, finance, and marketing. Small companies can compete effectively by offering specialized products, serving a local market, or providing superior customer service. Specialty eateries, which inclu

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Competitive Landscape

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TIP

Major products include beverages and food. Beverages include brewed coffee and tea; espresso drinks (cappuccinos, cafe lattes); cold blended beverages; bottled water; soft drinks; and juices. Food includes pastries, bakery items, desserts, sandwiches, and candy. Many coffee shops sell whole or ground coffee beans for home consumption. Some coffee shops sell coffee or espresso-making equipment, grinders, mugs, and other accessories

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Products, Operations, Technology

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Market Size



TIP

The US coffee shop industry includes about 20,000 stores with combined annual revenue of about \$10 billion. Major companies include Caribou Coffee, International Coffee & Tea (The Coffee Bean & Tea Leaf), Pet's Coffee, and Starbucks. The industry is concentrated: the top 50 companies generate more than 70 percent of sales. (First Research)

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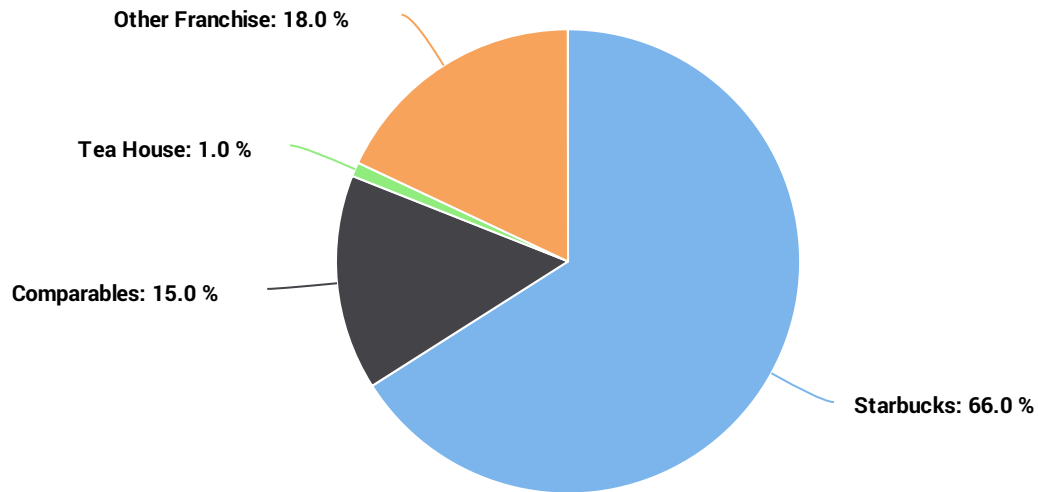
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Industry Participants

Within 5 miles of the subject, are 37 businesses involved in the coffee industry, including chains, restaurants, and tea houses reporting annual revenues in excess of \$54 million. Of these 37 businesses, 20 are Starbucks coffee shops capturing \$35.7 million in revenues or 66% of the market share. An additional 8 coffee houses are franchises capturing \$9.7 million represent 18% of the market share. The comparables – those closely-held coffee shops/cafes that will compete for the subject's business represent \$8.3 million in annual revenues or 15% of the total market.

The Cooper's Cup is targeting three primary groups residing in their direct marketing area. These individuals prefer unique venues and avoid the big chains and franchises. They prefer their local neighborhood and will support local businesses if the business warrants.

Name	Count	Revenue	Market Share
Starbucks Coffee			
Franchise			
Tea House			
Totals			



Market Segments



TIP

The Cooper's Cup is targeting the three top segments of the population representing 39% of the population in the Phoenix area:

- Boomburbs (29%) – Younger families with a busy, upscale lifestyle. The median age of 34. Most households operate on two incomes; the median household income is \$100,000. Product purchases reflect a s

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Market Tests



TIP

Research from Yelp, FourSquare, and google places, indicates the Phoenix market is in need of a new local cafe. The locals have been clamoring for the current private shops to improve service and/or reduce prices to keep pace with larger chains and franchises, thus providing a unique niche for the right entrant.

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Target Market Segment Strategy



TIP

Most adult coffee drinkers said their lifelong habits began during their teenage years. In fact, 54% said they began drinking coffee between 13 and 19. Another 22% reported their coffee cravings started between the ages of 20 and 24. This means that 76% of adult coffee drinkers began drinking coffee by the time they were 24. So, despite a large amount of marketing and advertising directed at the younger age groups, savvy coffee shop owners will not forget to

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TIP

- Unique products (specialized roasts, local ingredients, locally-themed or named drinks, custom drinks by the 'star' barista, etc.)
- Games, puzzles, mind benders, and other activities that encourage customers to linger over their coffee
- Hosting or sponsoring local events (entertainment, readings, book clubs, etc.)

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Market Needs

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TIP

Despite the economic woes, 37% of total coffee consumed in the United States in 2011 was classified as "Gourmet." According to the National Coffee Drinking Study, This suggests consumers were set on drinking good coffee and visiting their local coffee shop even in the face of an uncertain economy. (First Research).

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The sales of coffee dominate sales of hot beverages, making up 83%

Market Growth

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TIP

The Russet Mug will position itself as a local coffeehouse or a 'suburban' coffeehouse providing a sanctuary for those in the 'burbs' without the hassle of having to drive downtown

- By charging similar prices as the large chains – the service and quality of the product will commensurate with the price

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Positioning

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Competitive Analysis

Competitive Comparison



TIP

The research methodology is based on unique coffee shops/cafes in the greater metro area and omits larger chains or franchises. The findings reveal eight unique competitors.

RoasterieCafe

4511 W119th St Leawood, KS 66209

<http://www.theroasterie.com/Cafe/>

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Main Competitors



TIP

This competitor has been operating in the greater MSA since 2005 opening its first cafe in Brookside, Arizona, and then at the Leawood location in 2010. The 3,300 square foot cafe offers an assortment of pastries, bagels, and cookies. Beverages include Harney and Sons teas, signature blends, espresso, and specialty drinks. The cafe has 11 employees and generated \$11 million in revenues in 2011. The subject's advantage is its smaller, cozier environment.

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Roasterie Cafe

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TIP

This competitor operates from a 3,300 square foot space. The cafe has WI-FI. In addition to serving coffees and smoothies, the cafe offers more food offerings with a full-service kitchen offering light breakfasts, and sandwiches, and wraps. In the evenings the cafe has musicians performing on a small stage. The Cafe also has a full liquor license. The broad offerings of amenities do not make this a true comp for the subject.

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Take Five Coffee Bar

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TIP

This competitor operates from a 6,300 square foot space in a shopping center. The shop was established in 2001 and in 2011 reported \$2 million in revenues. The shop employs 21 employees and provides music on the weekends. The subject's advantage is its smaller, cozier, and quieter environment.

Address:

5606 Johnson Dr. Mission, KS 66202-3323

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Homer's Coffee House

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SWOT Analysis



TIP

The SWOT analysis examines the cafe's strengths and weaknesses that need to be addressed. Further, this section examines the opportunities presented to Cafe as well as potential threats.

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Strengths

Based on its smaller size, the fact that it is not a franchise, the Cooper's Cup is a unique coffee shop concept unlike any other in the Phoenix market.

The owner has firsthand experience, in operating and starting new restaurants,

Handpicked baristas will bring professionalism and enthusiasm to the shop.

S

Weaknesses

Franchises are the easiest way and often the safest conduit to start a cafe; the cafe will not have the backing of one of these established entities.

The Cooper's Cup has a minimal budget and is competing against larger and more established coffeehouses for market share.

W

Opportunities

The Phoenix demographics support the need for a unique coffee shop. Additional opportunities to target the active and recently retired target market and 45 years+ age group.

A small slice of a much bigger pie is the goal. Only 40 percent of the nation's coffee drinkers are consuming premium ground and whole bean coffee. Encouraging coffee drinkers to become coffee connoisseurs is the key to continued growth.

The local coffeehouse/cafe market is \$54 million

O

Threats

The Morning Glory Coffee shop is currently for sale; should another independent purchase this cafe, it could pose a significant threat to market share.

T

Strategy Pyramid



TIP

- In the short-term, a number of promotions and activities are planned around the launch of the business to create awareness. The coffee shop will have a contest offering 20 bottomless mugs and will publicize this promotion via radio advertising, as well as countertop displays and posters in the shopping plaza.

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Unique Selling Proposition (USP)



TIP

The Cooper's Cup truly stands out from a crowded sea of coffee chains and franchises. What sets them apart from the competition is primarily its smaller cozier size combined with premium coffees served by knowledgeable baristas providing so much energy and enthusiasm for the products they sell.

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Competitive Edge



TIP

The Cooper's Cup's competitive edge, its size, is also its greatest attribute. Because they are small there is no red tape, and they can easily adjust business hours to say accommodate an after-hours book reading session whereas the corporate chains do not provide such accommodation. The Cooper's Cup will truly cater to its patron's needs.

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Marketing Strategy and Positioning



TIP

The Cooper's Cup utilizes a focus strategy on its market. By specifically targeting three primary segments they can cater specifically to their needs.

Senior Market (age 45+)

The Cooper's Cup will target this market simply by its well selected location. Although this demographic group could readily drive downtown, the

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TIP

The Cooper's Cup is a gourmet coffee lover's gem. It is truly one of a kind coffee house offering outstanding gourmet coffees and blends, served by enthusiastic and knowledgeable baristas, in a warm, relaxed environment. It is the place to go to visit with friends or cozy up in a quiet corner with a good book either from the library or from one of the patron's personal E-Books.

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Positioning Statement

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TIP

The Cooper's Cup primarily utilizes competition based pricing. The cafe does not utilize coupons and discounts (other than opening promotion) because they believe that the most valuable customer demographic of daily coffee consumers is not influenced by discount programs or coupons.

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Pricing Strategy

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TIP

Online Advertising - The Cooper's Cup will advertise regularly on popular social media sites, such as Facebook. Compared to traditional print advertising, this is a cost-effective tactic that will allow them to reach prospects in a highly targeted way (e.g., based on criteria such as age, gender, geography, etc.).

Web Site - the Cooper's Cup will develop a simple Web site, which will provide basic information about the business, the menu, and links to their social media sites.

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Promotion and Advertising Strategy

Start Writing here...



TIP

The Cooper's Cup will have a simple website identifying its menu items of gourmet coffees, smoothies, and pastries, along with the address, map and hours of operation. The website will also have a calendar of any upcoming events or sponsorships.

The site will also have links to their social media sites – such as Facebook, Twitter, and Pinterest.

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Website

Start Writing here...



TIP

The cafe will also rely on signage and draw to its location. Price Chopper brings 10,000 shoppers weekly to its location.

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Marketing Programs

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Sales Strategy



TIP

The Cooper's Cup will use the following methods to increase sales revenue (as recommended by Andrew Hetzel on Better Coffee, Better Business):

- The menu will focus on the most profitable products sold. The cafe will always draw customer attention to the most profitable products.
- As warranted, the cafe will raise prices to bolster brand image.

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Sales Forecast

The sales forecast assumes a conservative 5% increase in revenues during Year Two and 10% increase in Year Three. The following chart shows estimated sales over the next three years.

Annual Sales Forecast:

Annual Sales Forecast	Year1	Year2	Year3
Products/Service 1			
Products/Service 2			
Products/Service 3			
Total Income			
Cost of Sales			
Products/Service 1			
Products/Service 2			
Products/Service 3			
Total Cost Of Sales			
Gross Margin			



TIP

The Cooper's Cup will run employee sales contests – The baristas are the salespeople and have a great deal of influence over the customer ordering process. All baristas will be required to have sales and customer service training to make each transaction. The sales contests will emphasize high margin items and cross-selling.

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Sales Programs

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Legal



TIP

The Cooper's Cup is organized as an S-Corporation formed in the state of Arizona.

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Milestones

Listed below are the milestones for the Cooper's Cup:

Milestone	Date
Secure occupancy Phoenix location	[Date]
Tenant improvements and build outs	[Date]
Purchase furniture and décor	[Date]
Assemble and hire barista team	[Date]
Advertise on local radio station/mail fliers	[Date]
Open for Business	[Date]

Exit Strategy



TIP

In the event the store would have to close for business all assets would be sold at auction.

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Organization and Management

Organizational Structure

The Cooper's Cup is formed as an S-Corporation wholly owned by John Doe.

Management Team



TIP

The Cooper's Cup will be owned 100% by JohnDoe.Mr. Doe a graduate of Arizona State University, has an undergraduate degree in business administration. During high school, he worked as a waiter in a local hospital coffee shop that purchased its beans from a local roaster. In addition to being an avid coffee drinker himself, this job allowed him to learn about the business first-hand. In college, Doe worked in a campus coffeehouse for four

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Management Team Gaps



TIP

The Cooper's Cup will rely on its POS (Point of Sale) system to generate daily accounting and cost activity reports. Mr. Doe will supply these to an outside bookkeeper for the preparation of annual income taxes.

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Personnel Plan

Initially, the cafe will hire 1 manager, 5 baristas, and 2 part-time servers. In Year 2, the cafe plans to hire 1 additional full-time barista.

	Year1	Year2	Year3
Manager			
Full-time barista			
Full-time barista			
Full-time barista			
Full-time barista			
Part-time employee			
Part-time employee			
Total Personnel costs			

Financial Plan

Important Assumptions



TIP

- The sales forecast is conservative and assumes a 5% increase in Year 2 and a 10% in Year 3.
- The analysis accounts for economic seasonality – wherein some months revenues peak (such as holidays) and wanes in slower months.
- The analysis assumes the owner will take a much smaller salary compared to his baristas; at any time it is assumed that the

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Start-Up Costs

[Amount] Following are the needed start-up costs associated with the Russet Cup:

Startup Expenses	Amount
Operating Capital	[Amount]
Salaries & Wages	[Amount]
Insurance Premiums	[Amount]
Beginning Inventory	[Amount]
Legal and Accounting Fees	[Amount]
Rent Deposits	[Amount]
Utility Deposits	[Amount]
Supplies	[Amount]
Advertising and Promotions	[Amount]
Licenses	[Amount]
Other Initial Costs	[Amount]
Working Capital (Cash on hands)	[Amount]
Total Startup Expenses	[Total Amount]

Startup Assets	Amount
Real Estate	[Amount]
Buildings	[Amount]
Leasehold improvements	[Amount]
Equipment	[Amount]
Furniture and Fixtures	[Amount]
Vehicles	[Amount]
Other Fixed Assets	[Amount]
Total Startup Assets	[Total Amount]

Source and Use of Funds

Source Of Funds	Amount
Owner's Contribution	[Amount]
Commercial Loan	[Amount]
Commercial Mortgage	[Amount]
Line Of Credit	[Amount]
Total Source Of Funds	[Total Amount]

Use Of Funds	
Fixed Assets	[Amount]
Operating Capital	[Amount]
Total Use Of Funds	[Total Amount]

Projected Profit and Loss

	Year1	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
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 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	\$485,066

Cash Flow Statement

	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