



Business Plan for a Coffee Bar

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Table of Contents

Business Concept	1
<i>buna</i>	4
<i>The Offering</i>	5
<i>The Location & the Customers</i>	7
<i>The Coffee Bar</i>	8
Business Analysis	10
<i>Investment</i>	10
<i>Financial Analysis</i>	12
<i>Consumer Analysis</i>	13
<i>Cost, Income, Profit</i>	14
<i>Financing and Cash - Flow</i>	18



Business Concept

buna

Buna is Amharic word and means Coffee in the official language of Ethiopia, the original source of the coffee bean. In this way the Logo of our Cafe shows indirectly what is special about our coffee bar. Beside a pleasant and unique atmosphere we will mainly offer coffee and particular bread from Ethiopia.

The coffee bar will be located in the "Südstadt" in Cologne. This is a very colourful and active district of Cologne where more different developments taking place right now. The customers of our bar will be the residents with mid income of the surrounding area, the students from the Fachhochschule and the prospective business people and high income residents from the new waterfront "Rheinauhafen".

At the following pages the offering, the place and the business analysis of the enterprise are identified.



The Offering

There are four important main items in our offering:

Coffee

In our bar would have the usual selection from Espresso to Café Latte. The coffee we serve comes exclusively from Ethiopia. Ethiopia is the origin country of the coffee plant and plays still an important role for the economic of the East African state. Thanks to the trustful and direct connection from the *buna* business team to Ethiopian trader and operator of coffee plantation we are able to ensure a high quality and fair treatment of farmer workers and other involved partners. It exist the wish to go for official labelled faire trade coffee in a later stage if the business runs well. But our calculations showed that it is not profitable for the first years.

Beside coffee we offer many soft drinks and tea of course.



Bread

For breakfast or for the appetite in between our customer can choose different kinds of bread with various toppings or cookies. All food served in *buna* is controlled organic food.

The bread is made with a special grain, called Teff which is also native in Ethiopia. Teff is a very healthy plant. It has an attractive nutrition profile, being high in dietary fiber and iron and providing some protein and calcium. It has a sour taste. It is similar to millet and quinoa in cooking, but the seed is much smaller. Teff is used for the traditional bread in Ethiopia unthinking of the Ethiopian kitchen.



Internet

To make our visitors more comfortable and to make the café more attractive we offer free internet access through wireless LAN to every one who takes his laptop along.

Athmosphere

For nice inviting atmosphere we furnish our bar with atmospheric light and stylish and cosy chairs and sofas. For soft entertainment we play contemporary Ethiopian music, and on one flat screen we show for example the history of coffee and its production in sophisticated pictures and films.

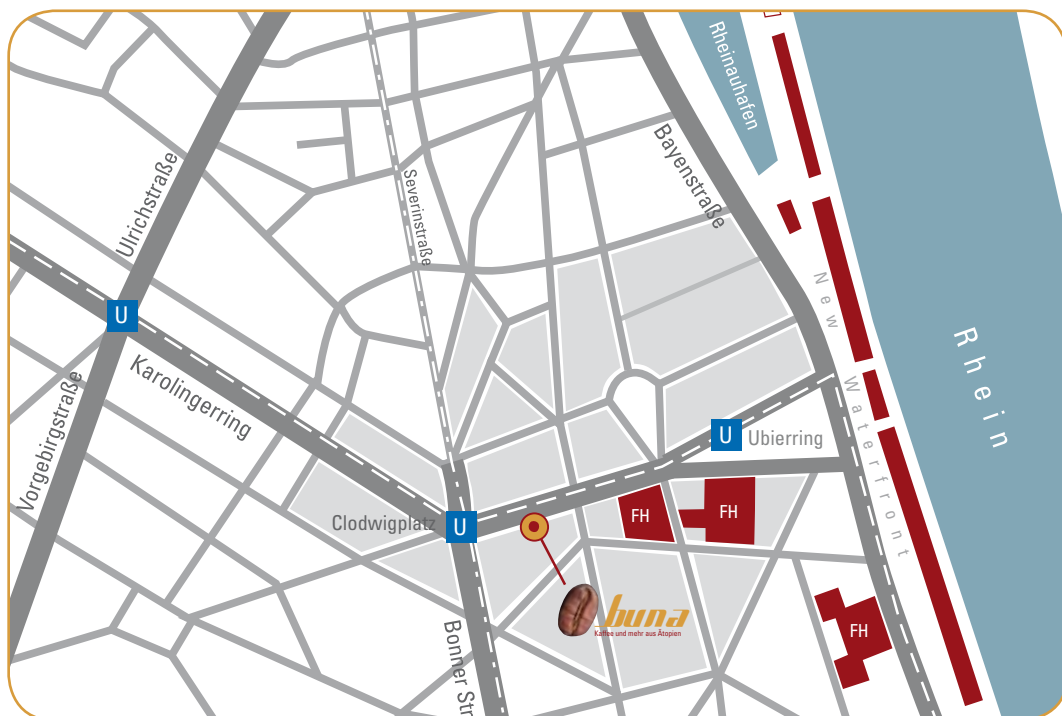
The Location & the Customers

The location of *buna* will be at Ubierring in the Südstadt in Cologne. As future customers we strive to gain three groups of customers:

One group would be the residents of the surrounding blocks of houses. Here a larger group of mid to better income people are living, which pass the bar on their way to the shops or supermarkets or to and from the Clodwigplatz subway station. Another group would be the students of the Cologne University of Applied Science. Various departments of the University are situated close to the location of our new coffee bar. The students have good opportunity to spend their free time in between two lectures at *buna*. The third group we focus on are the residents and business people from the new waterfront at the Rheinauhafen. This target group is still growing since the development is not completed yet. If the north-south underground is running at around 2010 the Clodwigplatz becomes an even more important connecting station. Due to this reason more people are expected to come in this area. Therefore *buna* will locate right on the way from Clodwigplatz to the Waterfront.

So for people moving in this area *buna* will be a perfect occasion to enjoy the first or last coffee of their day or to take a break and pick up some nice food.

We think all this people of the three groups are the right addressee for an unobtrusive live style café with a bit spirit of Ethiopia.



The Coffee Bar

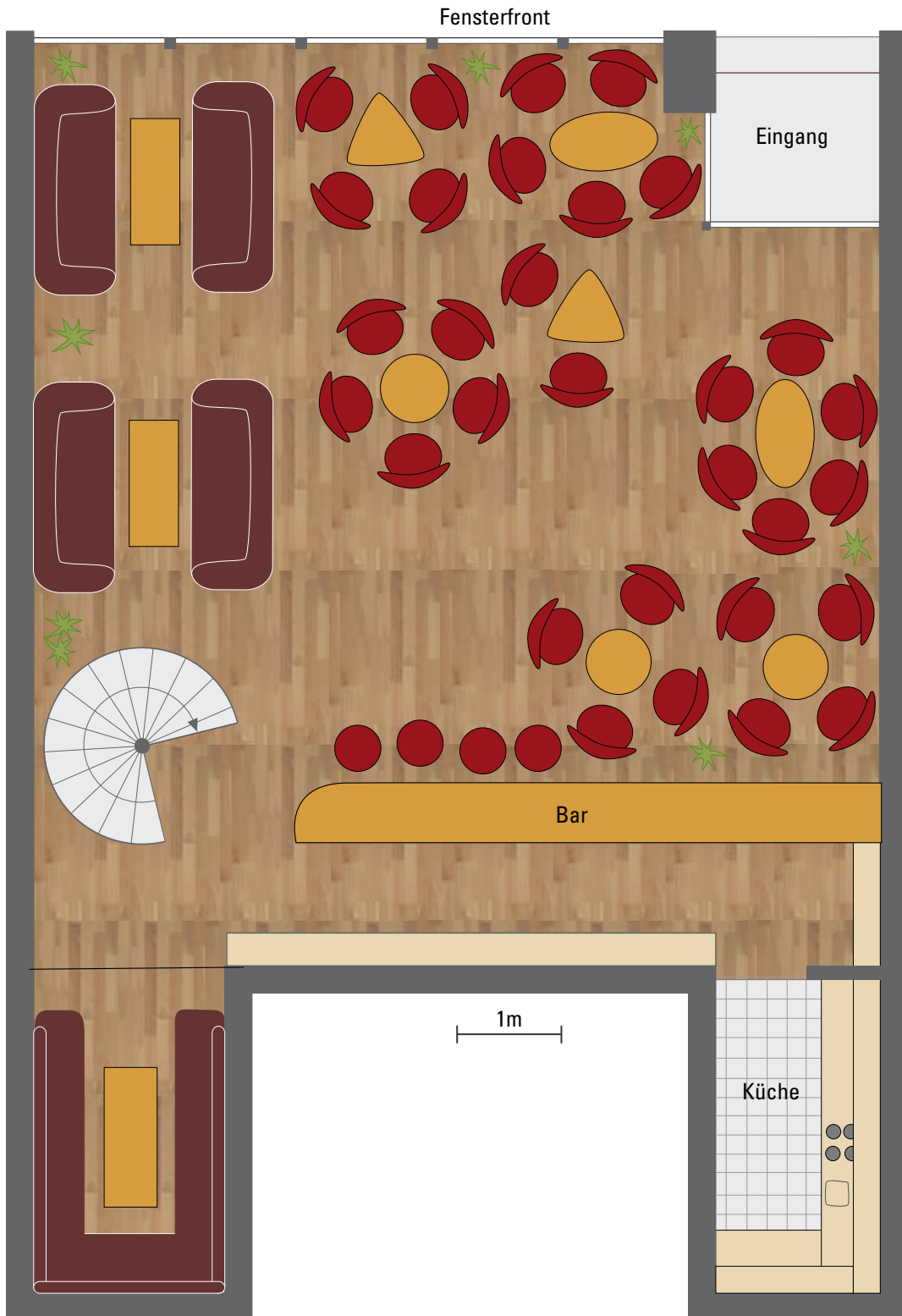
The size of the café is in total 90 m². This includes one main room where the customers can stay and the bar, one small kitchen and toilets downstairs. The street side goes to northwest and has sun from lunchtime to closing time. It will not be possible to put chairs and tables out side but probably a bench and the complete front are windows which are removable aside.

As mention before we are planning for the furnisher atmospheric light, stylish and cosy chairs and sofas, and a flat screen. Before we start our business the place will be renovated by us.

Collage of the *buna* coffee bar



Grundriss of the *buna* coffee bar





Business Analysis

Investment

All Investment costs are calculated without VAT (19%) except Caution, Advertisement cost, and Additional cost.



Espressomaschinen
GAGGIA Deco dosta



Pendelleuchte ESPRIT
Lounge Ahorn



Rotes Sofa



Flatscreen TV

Calculation of Investment Costs

Description	Quantity	Investment Cost	deprecia- tion year	Depereciation % per year	Depreciation cost (€)
Machines					
Dish Washer	1	1452,10	5	20	290,42
Refregerator	2	1422,69	5	20	284,54
Cash Machine	1	1260,50	5	20	252,10
Bread preparing equipments	1	646,22	5	20	129,24
Confectionary counter	1	1487,39	5	20	297,48
Esperesso machine	1	2898,32	5	20	579,66
Kitchen					
High speed grill	1	494,96	5	20	98,99
Waste basket	2	250,92	5	20	50,18
Oven	1	2180,67	5	20	436,13
Microwave oven	1	415,97	5	20	83,19
Interior decoration					
Benches	1	1680,67		10	168,07
Shelves	1	1260,50	10	10	126,05
Lighting equipement	1	1680,67	10	10	168,07
Floors, tiles-WC	1	2941,18	10	10	294,12
Painting	1	3361,34	10	10	336,13
PC, console, Loudspeakers	1	840,34	5	20	168,07
Wireless LAN modem	1	210,08	5	20	42,02
TV	1	840,34	5	20	168,07
Serving equipments					
Small dishes	30	168,07	1	100	168,07
Forks	30	42,02	1	100	42,02
Spoons	50	63,03	1	100	63,03
Knives	30	42,02	1	100	42,02
Bread storage wares	1	84,03	5	20	16,81
Cups	60	95,80	1	100	95,80
Glasses	50	21,01	1	100	21,01
Furnitures					
Chairs & Tables		4201,68	10	10	420,17
Sofa	4	1680,67	10	10	168,07
Wardrobe	1	84,03	10	10	8,40
Bar	1	1680,67	10	10	168,07
Caution		3300,00	0	0	0,00
Advertisement cost		1000,00	0	0	0,00
Additional cost		1000,00	0	0	0,00
Total		38787,90			5185,98

Financial Analysis

A bank loan will be needed to finance 60% Of the total investment. We assume a bank loan over a period of 10 years with constant annual loan redemption and a 7% interest rate.

Total Investment	38787,90 €	0,07 Interest
40% own capital funds	15515,16 €	10 years running time
60% outside finan-cing (bank loan)	23272,74 €	

Calculation of financing costs (in €)

Year	1	2	3	4	5	6	7	8	9	10
Balance of Debt	23272,74	20945,47	18618,19	16290,92	13963,64	11636,37	9309,10	6981,82	4654,55	2327,27
Interest rate (%)	0,07	0,07	0,07	0,07	0,07	0,07	0,07	0,07	0,07	0,07
Interest cost paid	1629,09	1466,18	1303,27	1140,36	977,46	814,55	651,64	488,73	325,82	162,91
Repayment/ paying back loan	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27

Consumer Analysis

We assume that the shop is running for 10 hours per day (from 10 am to 8 pm) and 7 days per week.

For the first year we expect that on average 10 customers per hour. The average expected number of customers after 3rd year onwards is 16 per hour.

Guest

Guests per hour	13
Guests per day	130
Guests per month	3900

We assume that 25% of our customers will take double items (i.e. one person may take both coffee and bread, or coffee and cookies, etc).

Out of 125% items consumed: we assume that coffee is 70%, soft drinks 20%, tea 12%, bread sandwich 15%, cookies 8%.

Consumption Analysis for first year (130 Gusts per day)

Item	% out of total consumer	consume per hour	consume per day	consume per month	consume per year
Coffees	70	9,1	91	2730	33215
Soft drinks	20	2,6	26	780	9490
Tea	12	1,56	15,6	468	5694
Bread/Sandwich	15	1,95	19,5	585	7117,5
Cookies	8	1,04	10,4	312	3796
Total	125			4875	59312,5

Cost, Income, Profit

Raw materials for preparing bread sandwich and cookies are bio-nutrition (organic food). All raw material costs are calculated without VAT.

Depreciation costs along years

Years	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
Depreciation costs in €	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98

Raw Material Cost Calculation for first year (130 consumers)

Raw Material	daily consumption	Unit Cost incl. VAT	without VAT		
			daily consumption, €	monthly consumption, €	yearly consumption, €
coffee	2 kg	10€/kg	16,81	504,20	6050,42
Soft drinks	20 bottles	1€/bottle	16,81	504,20	6050,42
Milk	15 l/day	1,5€/litre	21,03	630,84	7570,09
Tea	10 pieces	0,065€/pieces	0,55	16,39	196,64
Sugar	0,3kg	1,70€/kg	0,43	12,86	154,29
Butter	0,2kg	2,64€/kg	0,49	14,80	177,64
Bread & Cookies flour	0,75kg	5,61€/kg	3,93	117,97	1415,61
Cheese	8pieces	0,20€/pieces	1,50	44,86	538,32
Egg	8 eggs	0,40€/egg	2,99	89,72	1076,64
Vegetables	1,5kg	2,5€/kg	3,50	105,14	1261,68
Oil	45ml (0,045 litres)	80€/litre	3,36	100,93	1211,21
Spices	0,3 kg	3€/kg	0,84	25,23	302,80
Sauces	40ml (0,04 litre)	10€/litre	0,37	11,21	134,58
Toilet & sanitation				15	180
Sum raw materials				2193,36	26320,34

Quantity will be consumed in every year

Item/Year	1. year	2. year	3. year	4. year	5. year	6. year	7. year	8. year	9. year	10. year
Total customer per day	130	145	160	160	160	160	160	160	160	160
Coffees	33215	37048	40880	40880	40880	40880	40880	40880	40880	40880
Soft drinks	9490	10585	11680	11680	11680	11680	11680	11680	11680	11680
Tea	5694	6351	7008	7008	7008	7008	7008	7008	7008	7008
Bread/Sandwich	7118	7939	8760	8760	8760	8760	8760	8760	8760	8760
Cookies	3796	4234	4672	4672	4672	4672	4672	4672	4672	4672
Total	59313	66156	73000	73000	73000	73000	73000	73000	73000	73000

Utility, Rent, Labour, and Insurance costs (fixed for the whole business period)

Items	Cost per month, €	Cost per year, €
„Gema“		200
Energy cost	300	3600
Water and waste	50	600
Internet	46,31	555,72
Rent	1100	13200
Labor cost	4986	59832
Personal Insurance	200	2400
Shop Insurance	300	3600
Total cost per year		83987,72

Labour cost estimation

Salary calculation includes: Retirement pay (19,5%), Unemployment insurance(5%), Health Insurance(14%), Income taxes(30%), and Solidarity surcharge(5,5%).

Personel	Number	cost €/month employee net	cost €/month employee gross	cost €/year employer gross
Barista	1	1493,33	3300,00	39600,00
Part time Barista I	1	336,00	336,00	4032,00
Part time Barista II	1	336,00	336,00	4032,00
Part time Barista III	1	336,00	336,00	4032,00
Total			4308,00	51696,00

Time Distribution of workers and their net salary calculation

Personel	Working hour per week	cost per hour	Cost per month (Net)	cost per year (Net)
Barista	40	8	1493	16800
Part time Barista I	12	6	336	8400
Part time Barista II	12	6	336	4032
Part time Barista III	12	6	336	4032

Raw materials, Utility, Rent, Labour, and Insurance costs for 10 years

Raw material cost per customer per day is: 0,625 €

Years	1	2	3	4	5	6	7	8	9	10
customers/day	130	145	160	160	160	160	160	160	160	160
cost of raw material per year	26320,34	29357,31	32394,27	32394,27	32394,27	32394,27	32394,27	32394,27	32394,27	32394,27
rent & Utility	18066,99	18066,99	18066,99	18066,99	18066,99	18066,99	18066,99	18066,99	18066,99	18066,99
Sum of raw materials, Rent & Utility	44387,34	47424,30	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26
Labor cost & Insurance	57696	57696	57696	57696	57696	57696	57696	57696	57696	57696
Total	102083,34	105120,30	108157,26	108157,26	108157,26	108157,26	108157,26	108157,26	108157,26	108157,26

Summary of all costs for 10 years

Cost type/Year	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
Depreciation cost	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98
Financial cost	1629,09	1466,18	1303,27	1140,36	977,46	814,55	651,64	488,73	325,82	162,91
Labour & Insurance	57696	57696	57696	57696	57696	57696	57696	57696	57696	57696
Raw material, Rent & utility	44387,34	47424,30	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26
Total cost	108898,41	111772,46	114646,52	114483,61	114320,70	114157,79	113994,88	113831,97	113669,06	113506,15
Total constomer/day	130	145	160	160	160	160	160	160	160	160
Total customer per month	3900	4350	4800	4800	4800	4800	4800	4800	4800	4800
Total customer per year	47450	52925	58400	58400	58400	58400	58400	58400	58400	58400
Total consume	59312,5	66156,25	73000	73000	73000	73000	73000	73000	73000	73000
consume rate per consumer	1,25									
cost per consume	1,84	1,69	1,57	1,57	1,57	1,56	1,56	1,56	1,56	1,55
Total cost/Total consumer (cost per consumer)	2,30	2,11	1,96	1,96	1,96	1,95	1,95	1,95	1,95	1,94

Price estimation for each item

Prices are estimated by division with equivalent method by assuming that most of the costs are common for all products (except raw material cost).

Total cost: 108898,41

Items	consume per year (Quantity)	Equivalent	Units of account	Unit costs	Total costs per type
Coffees	33215,00	0,220	7307,30	1,69	56248,05
Soft drinks	9490,00	0,240	2277,60	1,85	17531,86
Tea	5694,00	0,220	1252,68	1,69	9642,52
Bread	7117,50	0,345	2455,54	2,66	18901,54
cookies	3796,00	0,225	854,10	1,73	6574,45
Total			14147,22		108898,41

Total cost/ Total unit of account 7,70

Item	Coffees	Soft drinks	Tea	Bread	cookies
Unit cost per item without VAT	1,69	1,85	1,69	2,66	1,73
Unit cost per item with VAT	2,02	2,20	2,02	2,84	1,85
Saling price per item	2,05	2,30	2,10	2,99	1,99
Market price from other shops	2,10	2,30	2,10	3,00	2,00

Financing and Cash – Flow

Calculation of Revenue for 10 years

VAT for coffee and tea is considered to be 19% but for food items like bread sandwich and cookies is 7%.

Out put/Year	1	2	3	4	5	6	7	8	9	10
Coffees	33215	37047,5	40880	40880	40880	40880	40880	40880	40880	40880
Soft drinks	9490	10585	11680	11680	11680	11680	11680	11680	11680	11680
Tea	5694	6351	7008	7008	7008	7008	7008	7008	7008	7008
Bread/Sandwich	7117,5	7938,75	8760	8760	8760	8760	8760	8760	8760	8760
Cookies	3796	4234	4672	4672	4672	4672	4672	4672	4672	4672
Revenue before VAT	123156,48	137366,84	151577,20	151577,20	151577,20	151577,20	151577,20	151577,20	151577,20	151577,20
VAT (19% or 7%)	9959,76	11108,96	12258,16	12258,16	12258,16	12258,16	12258,16	12258,16	12258,16	12258,16
Revenue after VAT	113196,72	126257,88	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04

Calculation of cash flow for 10 years

Year	1 year	2 year	3 year	4 year	5 year	6 year	7 year	8 year	9 year	10 year
Turnover/ Revenue after VAT	113196,72	126257,88	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04	139319,04
Depreciation costs	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98	5185,98
Labour & Insurance	57696,00	57696,00	57696,00	57696,00	57696,00	57696,00	57696,00	57696,00	57696,00	57696,00
Raw material, Rent & utility	44387,34	47424,30	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26	50461,26
Financial cost	1629,09	1466,18	1303,27	1140,36	977,46	814,55	651,64	488,73	325,82	162,91
Loss carried forward		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profit before tax	4298,31	14485,42	24672,52	24835,43	24998,34	25161,25	25324,16	25487,07	25649,98	25812,89
Tax (40%)	1719,32	5794,17	9869,01	9934,17	9999,34	10064,50	10129,66	10194,83	10259,99	10325,15
Profit after tax	2578,99	8691,25	14803,51	14901,26	14999,00	15096,75	15194,50	15292,24	15389,99	15487,73
Cash flow (net profit +deduction)	7764,97	13877,23	19989,50	20087,24	20184,99	20282,73	20380,48	20478,22	20575,97	20673,71
Repayment credit	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27	2327,27
Dividend	5437,69	11549,96	17662,22	17759,97	17857,71	17955,46	18053,20	18150,95	18248,70	18346,44



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