

## Business plan

# Raymond's Sports Cafe

All the comments in the following business plan are based on the waiter Raymond Reed's start of a sports cafe in the better part of a big city.

Raymond's Sports Cafe is a fictitious company that is designed to serve as an example of how a business can be disposed.

See the template for this business plan on [www.dynamicbusinessplan.com](http://www.dynamicbusinessplan.com)



## Background Information

Name: Raymond Rede  
Address: 67 Vitthal Street  
Indiana  
Tel.: 33 77 66 99  
  
E-mail: mail@raymondssportscafe.com  
Web: www.raymondssportscafe.com  
Education: Waiter from Indiana Technical College  
Marital Status: Married and have a son

## Resume

I will start the city's most entertaining sports cafe with seating for 150 people. It's packed with the latest technology so you can experience everything in sport from the segregated monitors at each of the 40 tables.

I use a proven café concept from the U.S. as a starting point and here the concept has existed for several years.

### **Realistic number of customers**

Because of the new concept in this part of the country, our continuous marketing and my close contact with the neighbourhood's football club, we can expect a full house most of the week. The café can accommodate 150 people.

- From Monday to Wednesday, we expect 60% occupancy with a replacement of the audience 2 times.
- Thursday - Sunday 80% occupancy with the replacement of customers 3 times.

We expect that each customer uses 140 of the national currency per visit. This corresponds to four/five drinks or a drink and a menu (one unit of the national currency is app, 5 US\$).

### **Price of product / service**

We aim at a moderate price policy. A meal should be at the same level as Pizza Hut and the same for drinks.

- Drinks: average contribution margin 70%
- Food: average contribution margin 65%
- Sports effects: average contribution margin of 75%

### **Owner**

The Company is a privately owned company that is founded by Raymond Rede. I am a trained waiter and have served as such for many years at prominent restaurants and the last year I have been manager of a major restaurant. I am 40 years old and have played professional football for the local club. I am today a part of the marketing team of the club.

### **Economy:**

Five years ago I decided that I at one time in my life would have my own cafe. So today I have

saved 200,000 in a start-up account in the bank. I have received commitments from three people who are willing to stand surety each for 20,000. Furthermore, I have a condominium with some equity.

## Business Concept

### **The company's philosophy**

The purpose of my sports cafe is to ensure that customers get real fun and good experiences when they use their leisure time in the cafe.

### **Elevator pitch/Sales Presentation**

I have the city's most entertaining sports cafe with seating for 150 people. It's packed with the latest technology so you can experience everything in sport from the segregated monitors at each of the 40 tables. We have specially trained staff to serve our menus and drinks at reasonable prices. Here is my card, permitting a free drink for you and a companion.

### **The needs which the company will cover**

The Sports Café covers the need for human interaction for the 20- 30 year olds in an environment of action, music and TV tuning.

### **What is special about this company compared to competitors**

Raymond's Sports Café is the first eventful cafe in town and the owner will have close contacts with the city's sports life – and then the customers.

### **Measurable Objective**

- There must be a contribution margin from food at 68%.
- There must be contribution margin at 70% for drinks
- Every second month must have a special event, causing media interest

## Personal Goals and Resources

As a waiter I have always wanted to get my own place and after a trip to the U.S. where I saw an awesome concept for a sports cafe I am now ready, and I have learned that the perfect premises for the café is soon going to be available for lease.

### **Education and experience:**

Trained waiter and has served as such for many years. I am currently 40 years old and have played professional football for the local club. I am today a part of the marketing team of the club.

### **Economy:**

Five years ago I decided that at one time in my life I would have my own cafe. So today I have saved 200,000 in a start-up account in the bank. I have received commitments from three people who are willing to stand surety each for 20,000. Furthermore, I have a condominium with some equity.

### **Knowledge of service / product:**

After several years of work as a waiter I have a thorough knowledge of clients' needs when they go to café and restaurants. Furthermore, I know all relevant suppliers to the catering environment. The active participation in the city's sports life gives a good network of contacts to potential customers and sports management.

My longstanding involvement in the local sports club gives me direct access to the environment surrounding the club. I have also been active in the professional waiter's union and have good contacts to both future employees and the union itself.

### **Strengths in relation to the company**

Educated waiter, many years of experience in the profession, active athlete, active in sports club association work, my family backs me up, I use a proven concept from the U.S. as a starting point, and have managed a cafe for two years.

### **Weaknesses in relation to the company**

Compared to the investment needed in the café I don't have many savings. My wife is unemployed, so I need a monthly income of at least 17.000 from day one.

### **Earnings in the first year**

The first years earnings should be at least 17.000 per month. This amount is my minimum to keep up my standard of living.

### **Earnings in the third year**

My goal is to earn twice as much as my most expensive employees. It will be approx. 40,000 per month.

### **How much will I work?**

The first year I've agreed with my wife that all my time will go to the Sports Cafe. I expect not to appear in the café before 11:00 and every Monday I will take the day off.

### **Work functions within the company**

As the cafe becomes a relatively big workplace my work will primarily be to coordinate operations and stand in the cafe at peak hours. I must therefore be the leader of the café and make sure my customers are happy.

## **Product / Service**

Our earnings in the cafe are found in the following three areas of sale:

### **1) Beverages**

- Beer
- Spirits
- Soft Drinks
- Tea and coffee

### **2) Food**

- Menus
- A la carte
- Snacks

### **3) Sports merchandise**

- Football
- Cricket
- Other

### **Customer Needs covered by product**

We cover human needs to be entertained and to be among friends. The Sports Cafe concept is just the framework we have chosen to cover the needs. We have chosen a Sports Cafe concept because sports are a big part of young people's lives. This, combined with the café uses the most modern electronic entertainment techniques, will create a good framework for our way of earning money, which is selling food and beverages.

### **Different from other cafes**

There are many pubs, cafes and restaurants in town, but nobody has completed the sports concept as at Raymond's Sports Cafe. We stand out in the city and therefore will have no difficulty in profiling ourselves.

### **Purchase Rate / lifetime of the product / service**

We expect to build a strong relationship between customer loyalty and Sports Cafe. This implies in particular introduction of electronic membership card that makes it possible to provide discounts and other member benefits to loyal customers and to selected groups.

When we have many electronic activities running, it means that the customer will stay longer in the café and hence buy more of our beverages, snacks and meals.

### **Calculation of product / service**

- Drinks: contribution margin 70%
- Food: contribution margin 65%
- Sports contribution margin of 75%

### **Price of product / service**

We aim at a moderate price policy. A meal should be priced level with Pizza Hut and the same for drinks. We do not want the price to keep people from coming, because our strategy is to keep customers longer and thus get them to buy more.

On the big sports day like the World Cup, ICC Cricket World Cup etc. prices will be raised because these days are special and with various events and competitions. For these days tickets will be sold.

### **Suppliers**

For the current business we will use the usual suppliers in the restaurant and cafe industry. With respect to the organization of the Sports Bar we will use BarCaf Total Construction, which has several years of experience in the fitting of discos and bars.

The electronic and audio-visual setups will DigiVideo take care of. DigiVideo has not previously made such a big task, but as an investment for their part and in the hope for implementing more sports cafes they will take some of the development costs.

### **Form Distribution/Sales Channels:**

Our clients come to us, so we have a distribution length of approx. 65 cm, the width of our bar counter.

### **Required storage**

Our spirits, beer and water storage should always be able to cover a week's worth of full houses. Non-perishable foods must be a minimum stock of 14 days, meat max. two days' stock, and bread bough/baked daily.

### **Industry Association**

In town there are nine ordinary pubs, seven cafes and nine restaurants. There is another sports

venue, but it's just a normal bar where there is established a couple of slot machines and a dartboard, and four TVs are hung on the wall.

My Sports Cafe will be located at the bottom of the "restaurant street". We do not have any direct competitors, because our concept is so different from other restaurants and cafes.

The other cafes in the area, we do not consider as competitors but as collaborators, as we say: The more life in the streets, the better for everyone.

Restaurant, café and pub owners have good cooperation in the city and they acknowledge that the higher the standard the industry has in the city, the more people will come and put money in the till. They welcome Raymond's Sports Café.

### **Life cycle**

The concept of theme cafes / bars are quite new in the country, but has already proven a success in the U.S. We are sure that the idea will take off here as well.

## **Market Description**

Based on my years of working as a waiter, I know that young people want a little more than just drinking a coke or a cup of coffee with friends. Today's youth need activities no matter where they are and they will get activity at my sports cafe.

### **Who are the customers?**

Our core area is the entire city, but we have plans to organize contests and other activities where sports associations from the surrounding major cities we be a part of the activities. If we do this it will be possible that young people from surrounding municipalities also will establish a relationship with the Sports Cafe.

### **Realistic number of customers**

Because of the great news value, our continuous marketing and close contact sport, we expect a full house most of the week. The café can accommodate 150 people.

- From Monday to Wednesday, we expect 60% occupancy with a replacement of the audience 2 times.
- Thursday to Sunday - 80% occupancy with the replacement of customers 3 times.

We expect that each customer uses 140 per visit. This corresponds to four / five objects or an object and menu.

### **Strengths and weaknesses of competitors**

None of the other cafés and bars is working with a consistent theme, so we are special and alone with this concept. You could copy our concept, but the will always be number two of sports cafes.

### **Competition Parameters**

Cafe customers want good or exciting experiences and good food and drink at reasonable prices. That is what we will provide them. We must ensure that our customers get a good experience each time they are in our Sports Cafe. If customers cannot say COOL or GREAT when they leave, we have not done well enough.

### **Market opportunities**

To meet outside the home at a cafe or restaurant is never outdated. The framework of this meeting may be trivial, what is happening in this country today. We therefore see great opportunities in the

sports theme cafes as sports and cafes have a universal attraction to especially young people.

### **Threats that can destroy opportunities**

The greatest threats we can see will come from satellite TV companies. If they raise prices to astronomical heights to use their signals, we have to opt out of this. We will then have to think very creatively to create the same intensive sports coverage.

## **Sales & Marketing**

We have a Sports Cafe which buzzes with life and experiences in sport. We must in our marketing strike the same action packed style that characterizes our product.

Our primary media will be local radio, which we will use both to bring ordinary commercial spots and to make the local radio station broadcast from the café when we have special events. At every major sporting event, be it international, national or local, we will make special evenings.

Sports events need not be well known in this country before as we will create a special event. Super Bowl in the U.S., the Latin American football championship, Sumo Wrestler Championship in Japan or Jitterbug Championship in Spain will be good reasons for a special evening.

At these event evenings/days/weeks will offer local cuisine and imported beers and souvenirs, contests with great prizes and live TV from the event. Every event, large or small, will have its own spot on the radio.

By frequently changing events, Sports Cafe will appear as a dynamic place, even if every event is built around the same concept.

Twice a year we will organize our own sporting event for example. This could be indoor soccer or street basketball for customers from the city's other cafes and bars. As support for the massive radio advertising will be produced posters, where events of a quarter at a time will be published.

### **PR at opening**

Raymond's Sports Cafe plans to open with a big bang. We plan to have national top players to attend, the local players from the national league works as waiters, parts of the pedestrian street will be turned into a beach volleyball court, local radio broadcasts live throughout the opening weekend, cyber darts competition with a sports cafe in the U.S. and many more wild things. We have allocated 60,000 for opening weekend.

### **Editorial coverage in newspapers**

Besides our local opening event will we market ourselves across the country by making regional newspapers interested in our unique sports cafe concept. We believe we are the first in the country that have this unique concept.

We also have plans to franchise the concept to other locations in the country. We have made contact with a freelance journalist who stands for our press contact.

## Organizing The Company

### **Company name / address / tel / fax / e-mail:**

Raymond's Sports Cafe, 67 Vitthal Street, Indiana  
Tel: 33 77 66 99

The company will be started as a personally-owned sole proprietorship because it is the simplest way to get started on. Later I will consider whether the company will be converted into a limited company.

### **Accounting**

We have decided to hire a freelance bookkeeper from the beginning. We will in the café have a strong need for control of economy and administration, as many invoices will come into circulation daily.

Furthermore, there is a huge coordination work in organizing our events and press work which the administrative freelancer and myself will take care of.

### **Business Policies**

- Our prices will always stay at a reasonable level
- We only have cash sales
- Via the café's electronic membership card certain groups and individuals achieve either a 5, 10 or 15% discount.
  - Sales for over 500 per month trigger 5% discount over 1.000 trigger a 10% discount and over 1.500 15% discount.
- We want 60% of our staff to be under 30 years and evenly divided between men and women.
- Salaries should be slightly above average and we will take appropriate incentives to increase the incentive to work at the cafe.

### **Premises**

67 Vitthal Street at the end of the pedestrian street have been vacant for six months and I have the option to rent the 300 m2 room.

### **Establish Budget**

Because of the huge investments that have been developed separate budgets for each of the three main investments. The total budget figure is to be transferred to capital budget.

- 1) The renovation of the room: 98.000
- 2) Production equipment: 525.000
- 3) New furniture: 51.000

### **Sparring partners to the company**

I feel I have good check on how I want things to evolve and are confident that I can control the operation. Besides bookkeeper and accountant I need no more consultants or external help.

I might contact the governmental association for helping entrepreneurs – I have heard they should be competent.

## The Café's Future Development

My goal with Raymond's Sports Café is to develop the concept to be nationwide. The experience I get with the highly interactive and electronic design, marketing and events, will be described so I can sell the sports café concept as a franchise in other part of the country.

I will sell the concept to enterprising entrepreneurs in the cities that have a national league team. I do not want to be the owner of the other sports cafes, but just make sure that they are living up to my concept, so all the sports cafes at a time can make national advertising campaigns. Within 12 months I will have described the concept and after three years there will be three cafes in the neighbouring cities.

### **Services / products for a year and three years**

I expect that my concept is the same throughout all three years but I will obviously follow developments the market undergoes.

### **Customers about a year and three years**

In three years we will still focus on the same target group - 20 to 35 year olds.

### **Turnover in a year and three years**

The café should reach its maximum turnover within two years. Thereafter further increases in turnover should be achieved through franchising.

### **Other objectives of the company**

Within the next three years, we will have found a reliable distributor of organic meat and vegetables because we will start to serve organic meals. We believe that the health trend and sports go hand in hand.

Already next year we expect to use Good Herbs as a supplier because they sell Fairtrade labelled coffee, tea, chocolate and cocoa that are also organic.

## Budgets

(The currency used in the budgets are a "no country currency" but 5 unit are app. 1 US dollar)

### ***Establish Budget - Raymond's Sports Cafe***

		<b>Cost</b>
<b>Premises:</b>		
1st month rent		25,000
Deposit on rental - 3 month's rent		75,000
Goodwill / disposal		150,000
Paints, repairs, new toilets, etc.		98,000
<b>Production Equipment:</b>		
Furniture, tables, lamps		160,000
TV and other electronics	240,000	
Kitchenware	70,000	
Other:		55,000
<b>Office Furniture:</b>		
Furniture (desk, chair, bookshelf etc)	15,000	
Computer (Printer, network, software, etc.).		25,000
Telephone		2,500
Mobile:		1,000
Fax / copier	2,500	
Other:		5,000
<b>Supplies:</b>		
Raw / semi – Food		20,000
Finished products, spirits, beer, chips, etc.		40,000
Stationery		7,000
<b>Advisers:</b>		
Lawyer		4,000
Accountants	17,000	
<b>Marketing:</b>		
Letterhead, business cards, etc.		15,000
Advertise		25,000
Reception for opening		<u>60,000</u>
<b>Total cost:</b>		<b>1,112,000</b>

## ***Operating budget for Raymond's Sports Cafe***

Assumptions for the budget – the first 12 months:

- Sunday-Wednesday:  
150 customers x 2, 60% utilization of seats
- Thursday-Saturday:  
150 customers x 3, 80% utilization of seats
- Average purchase per customer: 140
- Relationships between sales:  
food 40%, 55% drinks, sports items, 5%
- Opened: 50 weeks per year
- Contribution margin food: 65%
- Contribution margin drink: 70%
- Contribution margin ports: 50%

See budget next page.

**Turnover (product sales)**

Sales 1 - Food	3,024,000
Sales 2 - Beverages	4,158,000
Sales 3 - Sporting items / Other	<u>451,500</u>
<b>Turnover in total:</b>	<b>7,633,500</b>

**Variable costs**

Purchase of food	1,058,400
Purchases of beverages	1.247.400
The purchase of sporting items / other	<u>225,750</u>
<b>Variable costs Total:</b>	<b>2,531,550</b>

**Gross Profit: (Turnover - Variable cost) 5,101,950**

**Fixed costs**

Waiters, chef 10 employees	2,500,000
Freelance technical help and journalist	75,000
Bookkeeper - freelance, 1 day week	75,000
Premises 12 month * 25,000	300,000
Electricity, water and heat 12,000 month	144,000
Repair and maintenance of premises	80,000
Cleaning + washing cloths	135,000
Operation of car / 15.000 km	37,200
Travel expenses	25,000
Office supplies	32,000
Postage and fees to 100 letters per. month	5,040
Telephone, 4 quarters a 4,300	17,200
Mobile phone, 12 months a 1,500	18,000
Marketing / Ads / advertising	324.000
TV subscriptions	85,000
Representation and Reception	90,000
Insurances (sickness, liability, contents, car)	35.000
Computer equipment / software	70,000
Minor acquisitions - no computer / software	95,000
Durable goods	75.000
Accountants	32,000
Lawyer	9,000
Other counselling	15,000
Unforeseen costs	<u>100,000</u>
<b>Fixed costs in total:</b>	<b>4,373,440</b>

**Interest**

Interest on bank overdraft	51,000
Other interest	<u>25,000</u>
<b>Total interest:</b>	<b>76,000</b>

**Depreciation:**

Depreciation of equipment	<u>206.000</u>
<b>Depreciation Total:</b>	<b>206,000</b>

**Net Profit: 446,510**

(Gross profit - Fixed Costs – Interest - Depreciation)