

Pros and cons

Business



Business- Pros and Cons The key issue related to this case is the following: which would be the best choice among the two options available, if taking into consideration the current status and the needs of the business? The criteria used for the evaluation would be: a) the local competition; b) the costs involved and c) the potential of each plan to attract new customers without limiting existing customer base. The second plan, i. e. the use of the adjacent space for opening a coffee bar, is considered as most effective if taking into consideration the criteria presented above, as also analyzed below.

The pros of the chosen plan would be important: a) there are no competitors nearby; the specific coffee bar would be the only serving gourmet coffee in-house; b) since no competitor exists in the area, new customers would be easily attracted while existing customers would be interested in enjoying their coffee while tasting their favorite gourmet food, which would be also offered in the coffee bar along with baked goods and pastries.

The cons of opening a coffee bar instead of carrying cookbooks and food magazines in the adjacent space would be the following: the costs for setting up a coffee shop can be high. The second plan could be realized with a quite low investment, just for adding 1-2 bookcases and shelves for putting the books/ magazines involved.

The opening of a coffee bar would be the most appropriate use for the particular adjacent space. The average profit of such shop is at least \$50,000 (SBDC 2012) which means that the startup costs could be easily covered approximately in 5 years since the business establishment, a fact that would eliminate the cons of the specific plan compared to the second plan suggested.

Works Cited

SBDC Net. Coffee Shop Business Overview & Trends 2012. SBDC, 2012.

<http://www.sbdcnet.org/small-business-research-reports/coffee-shop-2012>