

You are in the planning stages of creating your own caf essay example

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Business Management

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Starting a business is a task that needs proper planning and strategic actions that are crucial to the success of the business. When planning to start a business, many options come up some of which are very closely related and their evaluation and close scrutiny is important to ensure that the wrong course of action is not taken and cost the company in the future. Among the many actions that need to be taken is the source of capital that is to be used to start and run the business.

Finances are an important and integral of part of the success of any business. This is because the business will need to be run and be viewed as a going concern and be able to give the desired returns within the shortest time possible for the owners. Where these funds are not available, the business can suffer many problems that range from loss of customers due to inadequate stocking to employee turnover that can be contributed to by poor payment and remuneration. There are many sources for the funds for my new business. These sources can either be internal, external or personal sources but the shop is planning to use the internal and personal sources of funds for its operations (Good small business guide, 2010).

Internal sources of funds include retained profits from the previous business. This can be a major source of funding because the business is upgrading from an afternoon tea shop to a full time Café shop. These funds are those that are obtained from the earlier operations of the old business. They are a cheap source of capital because they will not be paid back and they do not carry any interest (Good small business guide, 2010). Another internal

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source of funds is the share capital that is invested by the owner in the business. Just like the retained profits, this fund does not require to be refunded back and they do not carry any interest with it.

In the case where the internal sources are not adequate, a business may consider seeking financial aid from external sources. These include loans from banks and other money lending institutions. This source is usually a tricky one and it needs proper research and information search to determine the appropriateness of the fund. This is especially because this fund is payable back and an interest and this needs consideration of the terms and conditions of the same (Ferrell, & Hartline, 2011). The payment period is also important to consider and its implications for the business. Other sources of financing for the business could be donations from family and friends, inheritance and contribution from well wishers which the café is planning to utilize well especially now that they are from relatives and friends who are willing to help in one way or another.

Once the funds are available to the business, the next important factor to consider will be the location for the business. This factor is an important one that needs to be put in mind as it will determine our customers and how well we will be able to meet their needs and preferences. Among the factors that the café is considering is the security of the place where it is to be located. The other factor is the population of the place where the café shop is to be located, the beliefs, customs and cultural standards of the population of the people around the place (McCormick, N. d.). By choosing Vancouver as the desired location for the business, it is estimated that it will get many customers leading to higher profits in the long run.

When the business is expanding, the owner can either decide to make it a private or a public company. The difference between these two types of companies is the number of members that form the company and the liability of the members concerning the company operations. In a public company, the minimum number of members is seven with no maximum number while a private company requires a minimum of two members to form a maximum of fifty members. Both the private and the public companies have their own advantages and disadvantages and the members should consider them before deciding which one to form.

In the case of a café shop, it is always better to run it alone as a private company rather than as a public company. This is especially because the owner of the business will have better control over the business and he does not have to share the proceeds of the business with many shareholders. The owner in this type of business is under full control of the business and since he is his own boss, he can make decisions faster and implement them as need be. This type of business though has its own problems, for example, the owner may not be able to raise enough capital to start and run the business. The banks may also shy away from giving loans to a private company than to a public company. The owner may also make wrong decisions concerning the business and contribute towards its failure (Timmons, 2005). This is a major reason why the cafe shop is planning to put in place the services of a financial advisor who is to advice when it comes to issues of the normal running of business once the shop has started operating.

For any business to perform better, good marketing strategy has to be put in

place to ensure that the right information reaches the potential customers. When marketing the products to be provided by the café shop, it will be important to consider the 4Ps of marketing which include people, price, place and promotion. These are an important consideration that will ensure that the business grows and gets the right customers for its products (Walker, 2003).

When the business will start to grow, it is normal that many competitors will come up and try to provide similar services as those provided by the café shop. This will be from the industry players and so many forces will be affecting it as demonstrated by Porter's Five Forces Model. The first force is the estimated number of people who may come up to take advantage of the opportunities that come up in the market (Huff, 2007). The shop will also be likely to experience stiff competition from those businesses that may come up to provide substitute goods in the market where the café will be operating. The café shop is planning to overcome this through product and service differentiation, brand identity and cost leadership among others. Suppliers are a critical element in business operations as they deliver the raw materials that are to be used in the business. The quality, timeliness and reliability are all factors that determine the success of the suppliers' services towards the business. It is in the café's best interest that the right supplier be chosen and if possible making use of the ones that were earlier supplying the tea and cake shop with the desired materials. If all goes well, it is expected that this will reduce the conflicts between the two parties. The last force in the Porter's model is the rivalry between firms. The café is planning to overcome this by being ethical when dealing with other players in the

industry so that conflicts that may come up are minimized thus ensuring smooth flow of the business (Walker, 2003).

In conclusion, the Café shop is planning to enter into the market and compete professionally and ethically with other investors who are already in the industry. The financial plans are already in place and the café will go for personal sources of capital and if need be, it can seek loans from a bank at a rate when that time comes. The location that the shop is planning to locate its business is a very convenient one and it may serve as a success factor for the business.

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