

Unit 5: business plan

[Business](#), [Marketing](#)



Unit 5: Business Plan Submitted to Dr Ted Sun By Celia Tusiime Kakande

SMC University Restaurant Business Plan Company Description OZ a

Kampala based company will operate Aussie Plate Restaurant, a single unit, medium-size restaurant serving healthy, contemporary style food. The restaurant will be located at Plot 45 Ntinda Area, a Kampala city suburb.

Mission To provide high quality local and fast foods in an exceptional environment. Vision To maintain a profitable restaurant that will provide

quality food at a reasonable cost, in a comfortable environment, with

exceptional customer service. Values - We are in business to meet our

customers' needs. - We seek feedback on our services to enable us serve

you better. - Your safety, comfort and quality service are our priority. Goal

Our goal is to maintain the financial well-being of the restaurant while

serving our customers with top quality food and establish 3 other restaurants

in any of the fast developing Kampala city suburbs in the next five years. Oz

was registered in September, 2005. The founders are Eddie Jjingo and Celia

Kakande and there are a total of 10, 000 shares of common stock issued.

Eddie and Celia each own 3, 000 and the remainder are retained by the

company for future distribution. Aussie Plate restaurant is located on Plot 45

Ntinda area, just outside Kampala city and close to a dense population of the

target market. When the lease is signed there will be three months of free

rent for construction and in that time the balance of the start-up funds must

be raised. With that phase completed, Aussie Plate Restaurant will open and

the operations phase of the project can begin. If the business is meeting its

projections by month nine, we will start scouting for a second location and

develop plans for the next unit. Industry Analysis Each region of Uganda has

its very own food specialties. The common food eaten in the south is Matoke (bananas) while in the north and east of the country wheat and sorghum are the main foods consumed (Uganda Pioneers Association, 2007). Other foods include sweet potatoes, cassava (a root like carrots) and maize. Beans, meat products, fish, chicken, pea nut source are commonly served alongside the main foods. In Uganda, more than 50% of the urban population has less time, resources, and ability to cook for themselves (Uganda Restaurants and Lodging Association, 2010). Although the restaurant industry is very competitive, the lifestyle changes created by modern living continue to fuel its steady growth (Uganda Restaurants and Lodging Association, 2010). Trends are very important and Aussie Plate is well positioned for the current interest in lighter, healthier foods at moderate to low prices. The food service business is the fourth largest industry in Uganda and the independent restaurant accounts for 15% of that total (Ministry of Trade and Industry, 2010). This number has been increasing for the past seven years. The predicated growth trend is very positive both in short and long-term projections. Since modern living creates more demands, people will be compelled to eat more meals away from home. Products and Services Aussie Plate restaurant will be offering a menu of food and beverages with a distinctive image. There will be three ways to purchase these products; table service at the restaurant, take away from the restaurant, and delivery to home or office. The menu is moderate sized, and moderate-low priced offering a collection of ethnic and English items with a common theme - healthy (low-fat, low cholesterol, natural ingredients) and flavorful. The goal is to create the image of light satisfying and nutritious food. Market Analysis

Summary The population of Kampala city is estimated at 1, 659, 600, of these approximately 400, 000 people live in Ntinda area (Uganda Bureau of Statistics, 2011). About 60% of the people living in Ntinda reside in the downtown area characterized by slums while 40% live in up-scale areas (Uganda Bureau of Statistics, 2011). Although Aussie Plate will be located in a downtown urban setting, it is an area where people travel to eat out. The Ntinda suburb is one of the most desirable retail locations in the outskirts of Kampala city. Three main markets are anticipated: - People who work in the downtown area during the day, who will be looking for walk-in good food and convenience for lunch and dinner. - Surrounding businesses looking for phone-in lunch for business meetings. - Workers with families looking for take-out food to take home for family dinner at the end of the workday. Each of these market segments consists of people who either work in the downtown area or flow through this area during the normal work week. As such, there will be an undetermined percentage of each market that will be seeking an eating establishment that will meet the requirements of healthy food, fast service, and pleasant atmosphere. Competition There are about 15 restaurants in the Ntinda area that sell food at similar prices. Although this presents an obvious challenge in terms of market share, it also indicates the presence of a large, strong potential. The newest competitors have made their successful entry based on an innovative concept. Aussie Plate will offer an innovative product in a familiar style at a competitive price. The aggressive plans of take-away and delivery will also be an advantage to create a good market share before the competition can adjust or similar concepts appear. There are three major ways in which Aussie Plate will

create an advantage over our competitors. Aussie Plate will be the only restaurant among all the competition which focuses the entire menu on healthy, low-fat cooking. Each of the competitors offers at least one "healthy" selection on their menu for example Chili's restaurant even has a section called "On the Lighter Side" but in all cases they are always seen as alternatives to the main style being offered. The target market will perceive Aussie Plate as the destination location for healthy, low-fat cooking. Once clients have tried the restaurant, their experience will be reinforced by friendly, efficient and knowledgeable service. Return and repeat business will be facilitated by accessible take away and delivery options.

Implementation Summary Aussie Plate will be located in a place that was formerly a restaurant and needs minor structural modifications. New equipment and dining room furnishings will be purchased and installed by the general contractor. The restaurant will be open for breakfast, lunch and dinner 7 days a week. Service will begin at 7.30 am and end at 1:00 am. Most restaurants in the area close at 9:00 pm. Therefore Aussie plate will be able to receive customers beyond the hours the other restaurants operate. Employees will be trained not only in their specific operational duties but in the philosophy and applications of the Aussie Plate concept. They will receive extensive information from the chef and be kept informed of the latest information on healthy eating. They will be sponsored to attend health eating seminars to enable them grasp the concept and explain it to others. Employees will have specific benefits such as free meals, transport allowance and payment of salaries fortnightly. A big emphasis is being placed on extensive research into the quality and integrity of our products.

They will constantly be tested for our own high standards of freshness and purity. Food costs and inventory control will be handled by our computer system and checked daily by management. Most food will be prepared on the premises. The kitchen will be designed for high standards of sanitary efficiency. Food for delivery may be similar to take away or it may be prepared earlier and stocked. Catering will be treated as deliveries.

Marketing Strategy Focusing on the unique aspect of the product theme (healthy, tasty foods) a mix of marketing vehicles will be created. The restaurant will have high visibility with heavy foot traffic all day long. In a study conducted by The Straight Talk Foundation (2007), 80% to 85% Ugandans listen to radio, therefore the company plans to use local radio as one of the means for promotion. A grand opening party will be organized that will include having a local radio station participate and air it over the radio. In addition, the company is planning to use flyers to local businesses and direct mailers. Radio will be used for the first six months to establish customer awareness and product attractiveness. Mailers and flyers will then be used to advertise sales promotions that will help bring in customers. A public relations firm has been retained to create special events and solicit print and broadcast coverage, especially at the start-up. The marketing effort will be split into 3 phases: a) Opening - An advanced notice sent out by the PR firm to all media and printed announcement adverts in key places. b) Ongoing - A flexible campaign (using the above media), assessed regularly for effectiveness. c) Point of sale - A well-trained staff can increase the average check as well as enhancing the customer's overall experience. Word-of-mouth referral is very important in building a customer base.

Financial Plan The total investment will be \$60, 000. The initial investment of \$20, 000 from the company, a five-year loan of \$30, 000, and another \$10, 000 interest-free loan from a family member. Below are some of the financials:

(a) Start up Budget

Item	Cost (USD)
Legal	500
Stationery	300
Rent	1000
Equipment	3000
Other	1000
Total start up expenses	5, 800

Start up assets

Item	Value (USD)
Cash required	28, 200
Other current assets	2, 000
Long term assets	24, 000
Total assets	54, 200

(b) Sales Forecast

Item	Year 1- sales (USD)	Year 2- sales (USD)	Year 3- sales (USD)
Breakfast	181, 585	190, 664	200, 197
Lunch	140, 605	147, 635	155, 017
Take away dishes	113, 876	119, 570	125, 548
Salads	154, 135	161, 842	169, 934
Other	59, 020	61, 971	65, 070
Total sales	649, 221	681, 682	715, 766

Direct cost of sales

Item	Year 1	Year 2	Year 3
Breakfast	63, 555	72, 452	76, 075
Lunch	49, 212	56, 101	58, 906
Take away dishes	39, 857	45, 437	47, 708
Salads	53, 947	61, 500	64, 576
Other	23, 608	23, 549	24, 726
Subtotal direct costs of sales	230, 178	259, 039	271, 991

(c) Projected Profit and Loss

The assumption is that there is slightly higher gross margin because Aussie Plate will not have a slate of meals and servers. Given that the business is new, profitability has been adjusted to normal range by adding a relatively large amount of additional un-itemized expenses. This gives room for the additional unforeseen expenses that are expected to come up.

Item	Year 1	Year 2	Year 3
Direct costs	649, 221	681, 682	715, 766
Direct cost of sales	230, 178	259, 039	271, 991
Other kitchen expenses	36, 000	40, 000	45, 000
Total cost of sales	266, 178	299, 039	316, 991
Gross margin	383, 043	382, 643	398, 775
Gross margin (%)	59%	56. 13%	55. 71%
Expenses			
Payroll	186, 000	135, 000	170, 000
Sales and marketing and other expenses	81, 000	57, 000	

76, 000 Depreciation Utilities 2, 400 2, 400 2, 400 Insurance 6000 6, 600 7, 200 Payroll axes 27, 900 20, 250 25, 500 Total operating expenses 303, 300 221, 750 281, 100 Profit before interest and taxes 79, 743 160, 893 117, 675 EBITDA 79, 743 160, 893 117, 675 Interest expense 3, 678 1, 257 0 Taxes incurred 22, 819 47, 891 35, 303 Net profit 53, 245 111, 745 82, 373 Net profit /sales 8. 20% 16. 39% 11. 51% Note: Financial templates adapted from <http://www.bplans.com> References Barone, M. J. and T. E. DeCarlo (2003). " Emerging Forms of Competitive Advantage: Implications for Agricultural Producers. " Midwest Agribusiness Trade Research and Information Center Research Paper 03-MRP 5. Business Plans (2010). Restaurant Business Plan. Retrieved October 2012 from <http://www/bplans.com> Ehmke, C. M.(2006). Strategies for Competitive Advantage. University of Wyoming. King, J. B. (2005). " The Top 10 Reasons Businesses Succeed." EzineArticles. Retrieved May 2008 from <http://ezinearticles.com/?The-Top-10-Reasons-Businesses-Succeed&id=12514>. Ministry of Trade and Industry (2010). The Food Service Industry in Uganda. New Vision Publishers. Southern Maryland Resource Conservation and Development Board (2004). " Taking the First Step: Farm and Ranch Alternative Enterprise and Agritourism Resource Evaluation Guide. " Retrieved May 2008 from <ftp://ftp-fc.sc.egov.usda.gov/Economics/AltEnterprise/FirstSteps.pdf>. The Straight Talk Foundation (2007). Impact of Mass Media Initiatives. Straight Talk Campaign in Uganda. Uganda Bureau of Statistics (2011). Population Projections. UBOS. Uganda Pioneers Association (2007). Restaurant Business in Uganda Today. Makerere University, Kampala. Uganda Restaurants and Lodging Association (2010).

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