



SOLE COFFEE

COFFEE BAR

BUSINESS PLAN

2019

www.sole-coffee.com

BUSINESS PLAN

COMPANY OVERVIEW

Sole Coffee's mission is to provide Newcastle upon Tyne with a new way of consuming coffee. Sole Coffee is a sneaker and streetwear themed coffee bar determined to become a daily necessity for sneakerheads and streetwear enthusiasts in and around Newcastle.

Combining artisanal coffee and a community hub store experience, we aim to deliver fantastic coffee and a fantastic in-store experience where customers can enjoy a fresh way of consuming coffee and engage in creative conversation.

A WORD OR TWO ABOUT OUR FOUNDERS

Sole Coffee is an independent coffee shop jointly owned by Cameron Poole and Daniel Lord. Cameron and Daniel met four years ago when they were employed at Size?, one of the UK's leading and most respected footwear retailers. They both shared a passion for sneakers and streetwear culture. Drawing on their previous experience in hospitality and cafés, the idea for Sole Coffee was born: a sneaker and streetwear themed mobile coffee cart which they took to local food markets and sneaker events. Since then, they have gained a cult following amongst those in the know and have decided to open their first brick and mortar store in the heart of Newcastle.

They are currently looking to lease a café situated at Unit 7, Nelson Street and wish to undertake an extensive interior refurbishment (including re-branding) at an estimated cost of £80,000 with a further £30,000 to be used as working capital. To achieve this vision, they are seeking £80,000 from Kickstarter and £30,000 working capital from director's loans.

MARKETS, PRODUCTS AND THE OPPORTUNITY

Currently there is nowhere in Newcastle for like-minded sneaker and streetwear enthusiasts to go and meet, grab a coffee and engage in discussion about subjects dear to their heart: sneakers and everything associated with sneaker culture. Sole Coffee aims to change that.

With four in five coffee drinkers wanting to customize their drink (Mintel, 2018), customization and customer centricity are at the heart of Sole Coffee's offering. Sole Coffee will offer its customers the best prepared coffee in the area, in collaboration with Ouseburn Coffee Co. who will supply our beans and Ripple Maker, who provide techniques for personalizing designs onto your drinks.

We will serve a range of classic coffees such as lattes, cappuccinos and flat whites but will also offer a few signature drinks such as the Ice Ice Baby (a vanilla bean iced coffee) as well as the Bonita Pineapplebun (a grilled pineapple latte that has already developed cult status already from sales made via our mobile coffee cart).

With the help of our friends at Ripple Maker, we will make our customers anything they want because at the end of the day, it's their drink!

SWOT ANALYSIS

With the coffee shop market expected to grow by 40% in value over the next five years in the U.K (Mintel, 2018). The current market in Newcastle consists of the usual chains such as Costa Coffee and Pret A Manger and also established fast food/snacks suppliers such as Greggs and McDonalds. Finally, there are independents, providing a more unique environment in which to enjoy coffee and socialize.

Sole Coffee occupies a unique space within these independents, appealing to a youthfully minded consumer who has a passion for sneaker culture and streetwear. We know and understand this consumer as we are part of that self-same culture. We also know that if we get it right, our customers are likely to prove very loyal. Authenticity is a key driver here, and we are all about authenticity. If we get it right, we believe we are on a path to success as we will develop a very loyal following.

Our SWOT analysis came out looking like this:

Strengths

- Connectivity with our consumer
- Run by sneakerheads for sneakerheads
- Stress on authenticity: as style gurus we know our stuff
- Loyal customer base

Weaknesses

- Target consumer is niche
- Sneaker and streetwear trend may decline (although currently no indications)
- Limited resources for investment
- New and independent

Opportunities

- We offer a unique coffee shop environment with no direct competitors in Newcastle (or the UK for that matter)
- We are tech savvy and experienced bloggers/Instagrammers who know how to exploit digital marketing, social media etc.
- Given our footwear retail backgrounds, we are well-connected with retailers, opinion formers and industry figures such as designers

Threats

- Economic downturn
- Competition from larger organisations able to offer a lower price proposition
- Coffee shop market already well-established.

OPERATING PLAN

- **Sourcing and Order Fulfilment:** Sole Coffee will source coffee beans and food products from ethical suppliers. Sole Coffee will also provide a supplier questionnaire form to check the legitimacy of the company and compliance with all relevant legislation (see appendix A).
- **Payment:** In addition to accepting payment by cash and credit cards/debit cards, we also pay our suppliers within industry standard of 30 days of invoice. Sole Coffee owners will be paid PAYE and will outsource its payroll to save cost of staff, this can be processed for 80p per payslip.
- **Technology:** Fairly simple EPOS system which allows for collection of data and loyalty cards as well as stock control and accurately measures sales.
- **Key Customers:** Loyalty scheme will connect to EPOS system which could allow for cross brand marketing deals with companies like END. or Union Clothing to get 10% off items.
- **Key Employees and Organization:** As the company grows, we will provide in house training to potential employees, alongside our suppliers giving coffee training for their product. Once passed barista training, they will receive an enhanced payment this will help with staff retention and also staff development for future stores.

THE MATHS

We have been operating the Sole Coffee mobile coffee cart for a year under our sole ownership. To this end we can prove our gross and operating margins together with return on capital. We have gained experience from our coffee cart and will continually refine the formula to maximise returns without compromising on quality or at the expense of customer satisfaction. The table below notes the key financial indicators of the brick and mortar store.

SOLE COFFEE KEY PERFORMANCE INDICATORS	
Sales per unit (per annum – net of VAT)	252,000*
Square foot of unit	504
Sales mix drink/food/miscellaneous	75% drink, 20% food, 5% miscellaneous
Gross margin	73%
Capital cost	80,000
*Assuming no seasonal variation	

PROFIT AND LOSS FORECAST

				Annual	
Weekly Take : gross		6500		78000	
Monthly Gross		26000		312000	
Month Net		21666.67		260000.00	
Sales Drinks	net	16250	250 per day	195000	
Cost of Sales		4062.5		48750	
Sales Food	net	4333.34		52000.08	
Cost of Sales		1516.67		18200.04	
Sales Misc	net	1083.33		12999.96	
Cost Misc		270.83		3249.96	
TOTAL SALES	net	21666.67		260000.00	
Total Cost of Sales		5850		70200	
GROSS MARGIN		15816.67	73.00	189800.00	includes cups sugar etc
Payroll		4500	20.77	54000	
GROSS PROFIT		11316.67		135800.00	
Other Income				0	
OVERHEADS				0	
Adv and Publicity		350		4200	
Bank Charges		2500		30000	
Cleaning Materials		200		2400	
Commissions		0		0	
Equipment Hire		80		960	
Electric		600		7200	
Gas		250		3000	
Insurances		500		6000	
Cleaning Waste		150		1800	
Legal		200		2400	
Management Expenses		100		1200	
Motor		0		0	
Print and Postage		120		1440	
Rates		826		9912	
Water		80		960	
Rent and Service Charge		1500		18000	
Repairs and Renewals		200		2400	
Security		0		0	
Sundry		90		1080	
Tel		40		480	
Staff Incentive				0	
Uniforms		50		600	
TOTAL OVERHEADS		7836		94032	
TRADING PROFIT		3480.67		41768.00	
ANNUALISED		41768.00		41768.00	

GROSS PROFIT ANALYSIS

Drink

- Coffee cost 25p per cup, Ouseburn Coffee Co.
- Milk avg 15p per cup
- Cup and consumable 10p per cup

Food analysis

- Doughnuts and hot food 65% gross profit sourced from Proven Goods and independent food suppliers

Magazine/miscellaneous

- SneakerFreaker and Fantastic Man 25% profit on these goods. SneakerFreaker RRP £6.99 costs £5.25 to buy with a profit of £1.74 (vat exempt)
- Crep protect shoe cleaning products RRP £10 net of vat £8.33, cost to buy is £6.25, net profit of £2.08 24%

EXAMPLE CASH FLOW FORECAST

Sole Coffee	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Flow												
OPENING&B/FWD	30,000	21,124	31,796	40,068	49,240	58,912	51,334	58,506	70,778	62,950	72,622	80,794
Crediters	9050	7500	9900	9000	7500	8650	8000	7900	8000	8500	9000	8000
Payroll	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
Insurance	500	500	500	500	500	1000	500	500	500	500	500	500
VAT				0		16600	0		16000	0		16500
Rent	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
Rates	826	828	828	828	828	828	828	828	828	828	828	828
Loan	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500
Total Outgoings	18,876	17328	19728	18828	17328	35578	17828	17728	33828	18328	18828	34328
Income	10000	28000	28000	28000	27000	28000	25000	30000	26000	28000	27000	27000
Balance	21,124	31,796	40,068	49,240	58,912	51,334	58,506	70,778	62,950	72,622	80,794	73,466

CASH FLOW ANALYSIS

- 30,000 opening balance from directors' loan for working capital
- VAT free on takeaway drinks and first 80,000 turnover
- Forecast includes for one insurance claim
- Forecast shows monthly variations including slow start until advertising and promotion increases trade
- Forecast shows 30 days credit from suppliers, but includes deposits on utilities
- Forecast shows rent and rates, but it would be hoped the landlord would give a rent free period of at least 12 months
- £80,000 Kickstarter loan, monthly repayments of £2,500 over 3.5 years

APPENDIX

SUPPLIER QUESTIONNAIRE

Supplier:								Checked Date:			
Telephone:											
Fax:								By:			
Contact:								Approved By:			
Address:											
Post Code:											
Product Supplied:											

Frozen		Chilled		Fresh Fruit and Vegetables		Dried		Tinned		Other	
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- Are you a

Manufacturer	<input type="checkbox"/>	Grower	<input type="checkbox"/>	Wholesaler	<input type="checkbox"/>
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 Other
- Do all products supplied to you conform with the Food Safety Act 1990 and associated regulations?

YES	NO
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- Do all products supplied to you conform with all statutory compositional requirement?

YES	NO
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- Do you have adequate storage facilities to ensure the product will not deteriorate?

YES	NO
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- Where applicable, do your storage facilities conform to the requirements of the regulations made under the Food Safety Act 1990?

YES	NO
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- Do you operate a stock rotation system?

YES	NO
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- Do you carry out product testing/sampling?

YES	NO
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 If yes, is it:

100%	Statistical
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- Are testing/sampling results available for inspection?

YES	NO
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- Do you carry out bacteriological testing?

YES	NO
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 If yes, of what type?

10. Are your staff trained in food hygiene?

 YES

 NO

If yes, please state proportion

Please state level (e.g. Awareness, Basic, Intermediate)

11. Do you use a carrier for deliveries?

 YES

 NO

If yes, which carrier?

12. Have you or your company received an official caution or been prosecuted for breach of any food-related offences in the past 3 years?

 YES

 NO

If YES, please detail on a separate sheet

13. Do you have a documented HACCP System in operation?

 YES

 NO

If yes, please outline its scope

14. Are you prepared to allow a representative of our company access to your premises to assess your management and hygiene control systems?

 YES

 NO

15. Any other relevant information, e.g. HACCP system, external audits, Experiment Authority inspection comments/reports

The above answers are correct to the best of my knowledge

Signed:

Position:

Date: