

COMPREHENSIVE BUSINESS PLAN

Main Street Coffee Shop
Minneapolis, MN
Confidential

As of October 1, 2024



© 2024 Main Street Coffee Shop, LLC; all rights reserved

The following plan for a fictional business
is for illustration purposes only.

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. COMPANY OVERVIEW	5
3. PRODUCTS AND SERVICES.....	7
4. MARKETING PLAN.....	10
5. OPERATIONS PLAN.....	17
6. MANAGEMENT AND ORGANIZATION	20
7. STARTUP EXPENSES AND ASSETS	22
8. FINANCIAL PLAN.....	24
APPENDIX.....	27



1. EXECUTIVE SUMMARY

BUSINESS OVERVIEW

Main Street Coffee will be an upscale coffee shop that focuses on providing various high-quality coffee drinks, teas, and locally-made pastries in a homey, cozy, and comfortable atmosphere.

MISSION STATEMENT

The Company's mission is to be a great spot where customers can meet and socialize while enjoying the best brewed coffee, tea, and pastries in town.

TARGET MARKET

Main Street will focus its marketing activities on reaching the young professionals living and working in apartments, lofts, and offices within 3 miles of Main Street. 51,288 people live within 3-miles of Main Street

BUSINESS OWNERS

Nora and Nick Charles are the owners of Main Street Coffee. Nora Charles is a manager at Sanchez (5 years), a successful restaurant in St. Paul.

Nick Charles has owned a family restaurant (20 years), which he recently sold. Mr. Charles is a Minneapolis Chamber of Commerce member and has an extensive business associate network.

SUCCESS FACTORS

Main Street is uniquely qualified to succeed due to the following reasons:

- **Location:** The Company will be in a high-volume area with little direct traffic and convenient to passersby daily.
- **Store Atmosphere:** Main Street will be a great place to work or meet with friends and find the best-brewed coffee or espresso and pastries in town.
- **Management:** The management team has a track record of success in the restaurant business.

FINANCIAL OUTLOOK

The Company forecasts sales revenue to grow from \$584,000 in FY2021 to \$706,000 in year three. Net profits are projected to increase from \$100,000 to \$209,000 over the same period.

FUNDING REQUIREMENTS

This business plan aims to assist Nora and Nick Charles obtain debt-based capital of \$30,000 from a local commercial lender. The owners have invested \$140,000 of the required \$170,000 in startup funds.

Required funding: **\$30,000**

2. COMPANY OVERVIEW

DESCRIPTION OF THE BUSINESS

Main Street Coffee will be an upscale coffee shop that focuses on providing various high-quality coffee drinks, teas, and locally-made pastries in a homey, cozy, and comfortable atmosphere.

Main Street will be located at 200 Main Street, Minneapolis, MN. This location is in the North Loop area of downtown Minneapolis.

STRUCTURE AND OWNERSHIP

Main Street Coffee Shop is registered as a Limited Liability Corporation in Minnesota. Nora and Nick Charles are the owners and operators.

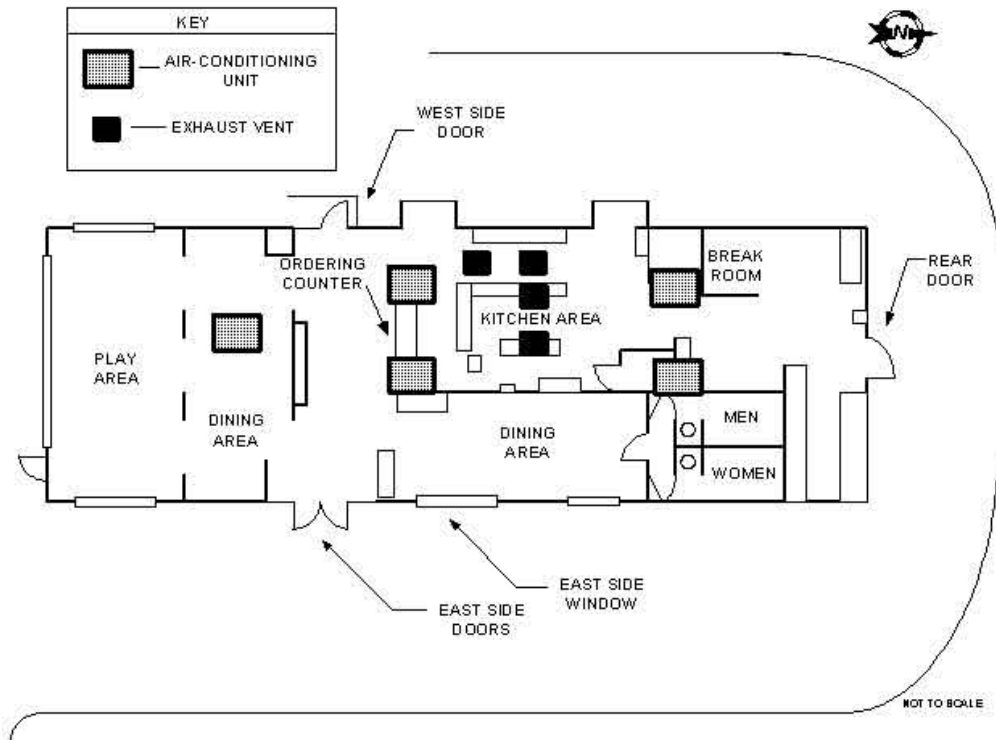
COFFEE SHOP DESIGN

The floor plan will be 2,300 square feet, including a seating area with 15 tables, a storage area, and two bathrooms. The facility will require only minor remodeling.

Main Street will have a clean, upscale design to convey the same high quality as the brewed coffee being served. The exterior will have an electric sign to draw attention to the coffee shop.

Hours of operation will be 7:00 a.m. - 4:00 p.m., seven days a week.

Shown below is a rough sketch of the floor plan:



3. PRODUCTS AND SERVICES

INITIAL MENU

The Company will be a local provider of upscale coffee, espresso, tea, and pastries. The menu items will suit those seeking a drink and light snack.

Black coffee (brewed, espresso, cold brewed)

Main Street Coffee will use the world's best beans, which will come from Ethiopia, Columbia, Guatemala, and Costa Rica.

- **Ethiopia Coffee:** Ethiopia coffee from the "Harar" region is grown in the highlands of the Eastern part of the county on small peasant farms.
- **Columbia Coffee:** Main Street will use Supremo. Supremo uses the latest production technology and is considered the best type of coffee. Genuine Supremo-grade Colombian coffee is quite challenging to come by.
- **Guatemalan Coffee:** Guatemalan coffee is regarded as one of the best types of coffee globally because of its tart flavor, depending, of course, on the climatic conditions under which it was grown.
- **Costa Rican Coffee:** Main Street will use the most famous Costa Rican coffee beans, such as Margarita, Cashier, and Costa Rica.



Main Street will be the only coffee shop in the North Loop using Supremo grade Columbia, Margarita, and Cashier coffee beans.

Espresso-based beverages (chai and hot chocolate)

Espresso is made from the same beans as coffee but is stronger, thicker, and higher in caffeine.

- **Caffe Latte:** A double shot of espresso topped with steamed milk. (\$4.50)
- **Cappuccino:** A single shot espresso topped with steamed and frothed milk. (\$4.00)
- **Mocha:** Espresso with steamed milk. (\$4.75)
- **Chai:** Masala blend & Assam tea, sweetened with honey, brown sugar, and steamed milk. (\$5.00)
- **Golden Milk:** Turmeric and ginger concentrate plus steamed oat milk. (\$6.00)



Tea

Almost every coffee Shop now serves a few teas and tea latte options, such as chai or matcha. Main Street will offer the following types of tea:

- **Black Tea:** English Breakfast and Earl Grey. (\$5.00)
- **Green Tea:** Jasmine and Gunpowder Green. (\$5.00)
- **Herbal Tea:** Chamomile and Peppermint. (\$4.00)



Food

All of the best coffee shops also offer their customers an excellent selection of food items, especially pastries. To set Main Street apart

from our competition, Main Street will provide the following types of food.

- **Croissants:** Main Street will offer croissants that have almonds included or fruit on top. (\$5.00)
- **Specialty Bread:** Main Street will initially offer two types of bread: banana bread and zucchini bread. These specialty breads are a perfect combination of providing a breakfast item and an item that curbs a sweet craving. (\$5.00)
- **Muffins:** Main Street will offer a variety of muffins, including gluten-free, vegan, and sugar-free. (\$4.00)
- **Pie:** Pie will be offered on a seasonal basis. (\$5.00)



Main Street will purchase its pastries and pie from the award-winning Irene's Old-World Bakery, located just a few blocks from Main Street.

4. MARKETING PLAN

INDUSTRY ANALYSIS

U.S. coffee consumption has shown sales growth over the last 5-years. The most important industry statistics bode well for Main Street.

- Retail sales in the U.S. are \$5.0 billion.
- Ground coffee's market share is 46%.
- Per capita, coffee consumption is 1.8 cups per day.
- 47% of the market is 18 to 24 years of age.
- Traditional coffee's share of consumption is 44%.
- 90% of people usually drink coffee at home.
- 32% of people drink coffee or tea when feeling tired.

MARKET ANALYSIS

The retail coffee industry is flourishing in Minneapolis.

Minneapolis has traditionally been an excellent place for coffee establishments. Coffee drinkers in the North Loop favor well-brewed gourmet coffee drinks and demand exceptional service.

Market Opportunity

No coffee shops in the North Loop offer premium coffee where customers can meet and socialize while enjoying the best-brewed coffee, tea, and pastries.

Solution

Main Street will be a unique place where customers can socialize with each other in a comfortable and relaxing environment while enjoying the best-brewed coffee or espresso and pastries in town.

Main Street will be in the business of helping its customers relieve their daily stresses by providing great ambiance, convenient location, friendly customer service, and products of consistently high quality.

DEMOGRAPHIC PROFILE OF TARGET MARKET

Main Street will serve the young professionals living and working in apartments, lofts, and offices within a 3-mile radius of the coffee shop.

The area residents and workers we serve are primarily professionals and drink coffee more often than the national average.

The demographics of these North Loop customers are as follows:

North Loop population	6,730
Male population	52.7%
Female population	47.3%
Median age	31.9
Average household income	\$ 103,178
Employment	
Self employed	5.8%
Private companies	71.2%
Government workers	10.4%
Not for Profit	12.6%
Married Status	
Never married	49.2%
Married	36.6%
Seperated	1.0%

There are 51,288 people within 3-miles of Main Street

CUSTOMER SEGMENTATION

Main Street will focus its marketing activities on reaching three customer segments.

- Young professionals
- Shoppers
- Couples

The young professionals live and work in apartments, lofts, and offices close to Main Street. These people want their daily cup of great-tasting coffee in a relaxing atmosphere. Main Street's market research shows these discerning customers gravitate towards better-tasting coffee.

Due to the large number of new stores on Main Street and Main Street's proximity to downtown Minneapolis, visiting shoppers in the area will want a snack while window shopping.

The Company will also target couples and shoppers to capture these potential customers. The coffee shop will attract couples looking for a spot to meet between and before meals.

COMPETITORS

According to the 2017 Minnesota Foodservice Statistics (NAICS 72), Minneapolis had 45 established snack & non-alcoholic beverage bars (NAICS 722213) with total sales of \$14.2 million. Main Street Coffee's direct competitors will be other coffee bars near the North Loop. Competitors will include:

- **Third St. Coffee:** Communal tables. Serves premium coffee, artisanal crepes, and locally sourced food.

- **State St. Coffee:** Hip café chain serving locally roasted coffee and light eats in a relaxing setting.
- **Hennepin Coffee:** Easygoing coffeehouse provides coffee, tea, espresso, smoothies, and simple snacks.

Main Street Coffee will position itself as a unique coffee bar that offers the best-tasting coffee and pastries and provides a home-like, cozy, and comfortable environment, which established corporate establishments lack.

COMPETITIVE PRICING

	<u>Third</u>	<u>State</u>	<u>Hennepin</u>
Coffee	\$ 4.50	\$ 4.00	\$ 4.50
Espresso	\$ 3.25	\$ 3.50	\$ 3.50
Latte	\$ 5.00	\$ 5.25	\$ 4.50
Chi Tea Latte	\$ 4.50	\$ 5.50	\$ 4.50
Tea	\$ 3.75	\$ 3.50	\$ 4.00
Pastries	\$ 4.00	\$ 2.00	NA
Pie	\$ 5.00	NA	NA

COMPETITIVE ADVANTAGE

The right team creates the right atmosphere. Main Street will deliver attention to detail and quality.

- **Quality Menu:** Main Street will be the only coffee shop in the North Loop using Supremo grade Columbia, Margarita, and Cashier coffee beans and pastries from the award-winning Irene's Old-World Bakery.
- **Home-Like Atmosphere:** Main Street will create an atmosphere that provides a home-like, cozy, and comfortable environment. No other North Loop competitor has this type of atmosphere.

- **Expert Baristas and Friendly Staff:** Main Street will uptrain its baristas and staff, provide excellent customer service, and create a welcoming and personal environment often lacking in larger competitors.

SWOT ANALYSIS

SWOT helps discover what Main Street does well, how it could be improved, whether the organization is making the most of the opportunities, and whether any changes might threaten Main Street.

Main Street's SWOT analysis compares Main Street Coffee to the competitors mentioned above. More specifically, the line items under each of the SWOT categories list those areas where we believe Main Street is *stronger* or *weaker* than our competitors and those areas where we think we have both *Opportunities* and *Threats*.

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none">1. Effective sales and service culture2. Effective nich marketer3. High quality products4. Able to charge a price premium	<ol style="list-style-type: none">1. Strong existing competitors2. Low barriers to entry3. Low brand awareness4. Limited sales area coverage
OPPORTUNITIES	THREATS
<ol style="list-style-type: none">1. Develop a customer relationship culture2. Attract new customers through special offers3. Developm and implement a loyalty program4. Pursue co-branding opportunities	<ol style="list-style-type: none">1. Customers becoming more price sensitive2. Poor ratings on review websites3. Increase in supplier costs4. Competitors providing more "value added"5. More aggressive competitor behavior

MARKETING PLAN

The Marketing Plan describes the type of brand Main Street seeks to create and the Company's planned promotions and pricing strategies.

Main street brand

The Main Street brand will focus on the Company's unique value proposition:

- Offering high-quality beverage and food items, including coffee, teas, iced drinks, pastries, and more
- Offering a unique and extraordinary house coffee blend
- Having a convenient location that provides both eat-in or take-out options
- Providing excellent customer service

Marketing strategy

Main Street will rely on a combination of digital and traditional marketing. Main Street will have a:

- Website
- Google My Business Profile
- Request customer reviews
- Interact with customers on Instagram.

Main Street will also use banners, fliers, and cross-promotions with other North Loop businesses (e.g., Irene's Old-World Bakery).

Main Street will also implement a business-building loyalty program. The objective of this program is to:

- Increase frequency among regular customers
- Increase ticket averages

- Encourage customers to choose Main Street over other alternatives
- Encourage customers to expand the product they purchase

Initially, Main Street will focus on a product-based and a point-spent system (2 points/\$1 spent).

PRICING STRATEGY

Main Street will price its product offerings at a slight premium. Main Street strongly believes selling coffee with excellent service in a friendly setting will help build a loyal clientele base.

5. OPERATIONS PLAN

MANAGEMENT TEAM

The Company requires a simple organizational structure. Implementation of this structure initially requires the owner to make all of the major management decisions and monitor all other business activities.

A full-time manager will oversee daily operations at Main Street Coffee. This person will manage the staff, order inventory, deal with suppliers, develop a marketing strategy, and perform other daily managerial duties.

MANAGEMENT ADVISOR

The Company will retain ABC Espresso Services' consulting services, the consultants who have helped develop the business idea for Main Street Coffee. This Company has extensive experience in the retail coffee industry.

PERSONNEL PLAN

Main Street Coffee baristas will handle the sales transactions. Two employees will be servicing customers. One employee will prepare the customer's order, and the other will handle the sales transaction.

All sales data will be logged onto a computerized point-of-sale terminal and analyzed for marketing.

The staff will consist of part-time baristas and servers. Experienced staff members have already been located. Initially, there will be seven employees.

EQUIPMENT LIST

Shown below is a list of equipment Main Street will require.

- Automatic drip coffee makers
- High-quality espresso machine
- Industry coffee grinder
- POS system
- Industry blender
- Refrigerators and freezers

SUPPLIERS

When selecting coffee suppliers, the Company will consider the following five things.

- Quality
- Minimums and capacity
- Turn speed
- Customer service
- Price

GOVERNMENT REGULATIONS

Main Street must meet several Minneapolis rules and regulations, including health regulations, licenses and permits, and occupancy certificates.

6. MANAGEMENT AND ORGANIZATION

OWNERS

Nora and Nick Charles are the owners of Main Street Coffee. Nora Charles holds a Bachelor's in Business Administration from the University of Minnesota. She is currently a manager at Sanchez, a successful restaurant in St. Paul.

Nick Charles has a Bachelor's Degree in Business Administration from the University of Wisconsin. He has owned a family restaurant, which he recently sold. Mr. Charles is a Minneapolis Chamber of Commerce member and has an extensive business associate network.

MANAGEMENT TEAM

The Company requires a simple organizational structure. Implementation of this structure initially requires the owner to make all of the major management decisions and monitor all other business activities.

A full-time manager will oversee daily operations at Main Street Coffee. This person will manage the staff, order inventory, deal with suppliers, develop a marketing strategy, and perform other daily management duties.

MANAGEMENT ADVISOR

The Company will retain ABC Espresso Services' consulting services, the consultants who have helped develop the business idea for Main

Street Coffee. ABC has over twenty years of experience in the retail coffee industry.

7. STARTUP EXPENSES AND ASSETS

STARTUP ASSETS AND EXPENSES

Starting a coffee shop is a moderately capital-intensive business. The amount required to set up will be used for equipment, inventory, and working cash. The total funds needed for startup assets are \$142,320. Startup expenses are \$27,680. Startup assets represent long-term assets required to get the business operational.

The table below shows the startup assets and expenses needed by Main Street Coffee.

	<u>Amount</u>		<u>Amount</u>
Startup Assets		Startup Expenses	
Real estate - land	\$ -	Consulting	\$ 3,000
Real estate - building	0	Insurance (prepaid premiums)	2,400
Leasehold improvements	0	Legal and accounting fees	1,300
Equipment	0	Licenses	0
Furniture and fixtures	59,170	Marketing promotions	0
Vehicles	0	Other initial startup costs	2,500
Other fixed assets	0	Pre-opening salaries and wages	0
Cash required	67,123	Remolding	10,000
Inventory	16,027	Rent (pre-paid)	4,400
Total fixed assets	<u>142,320</u>	Stationery and supplies	4,080
		Utility deposits	0
		Total operating capital	<u>27,680</u>
		Total required funds	<u><u>\$ 170,000</u></u>

SOURCES OF FUNDS

Nora and Nick Charles invested \$140,000 to start the business. \$30,000 will be needed to cover the startup and come from a long-term (five-year) loan of \$30,000.

	<u>Amount</u>	<u>Percentage</u>
Source of Funds		
Owner's equity	\$ 140,000	82.4%
Outside investors	0	0.0%
Loans and debt		
Current debt	10,000	5.9%
Long-term liabilities	20,000	11.8%
Other bank debt	0	0.0%
Total sources of funding	\$ 170,000	100.0%

8. FINANCIAL PLAN

This section's financial plan includes a 12-month projection of the income statement, balance sheet, and cash flow statement. The three-year income statement and balance sheet are also shown. These spreadsheets constitute a reasonable estimate of Main Street Coffee's 3-year financial future.

These statements demonstrate the Company's ability to repay the requested loans with standard borrowing terms.

ASSUMPTIONS

Our key assumptions are:

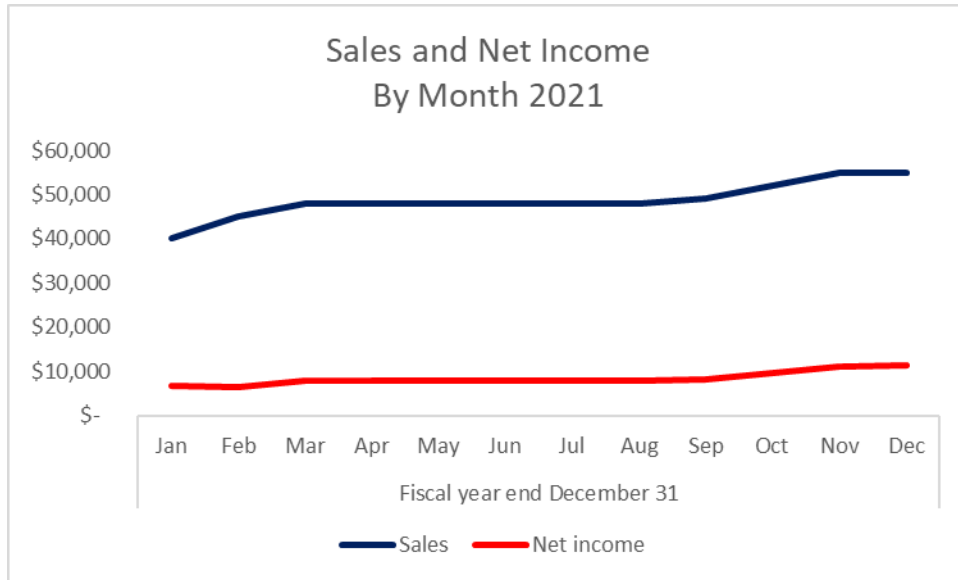
1. Coffee drinks will be considered an "affordable luxury."
2. 10% minimum sales growth rate over the next three years as Main Street Coffee Shop becomes well known.
3. An industry-standard gross profit margin of 65%.
4. Income tax rate of 25%.
5. Interest rate on financing: 9%.

PROJECTED FINANCIAL STATEMENTS

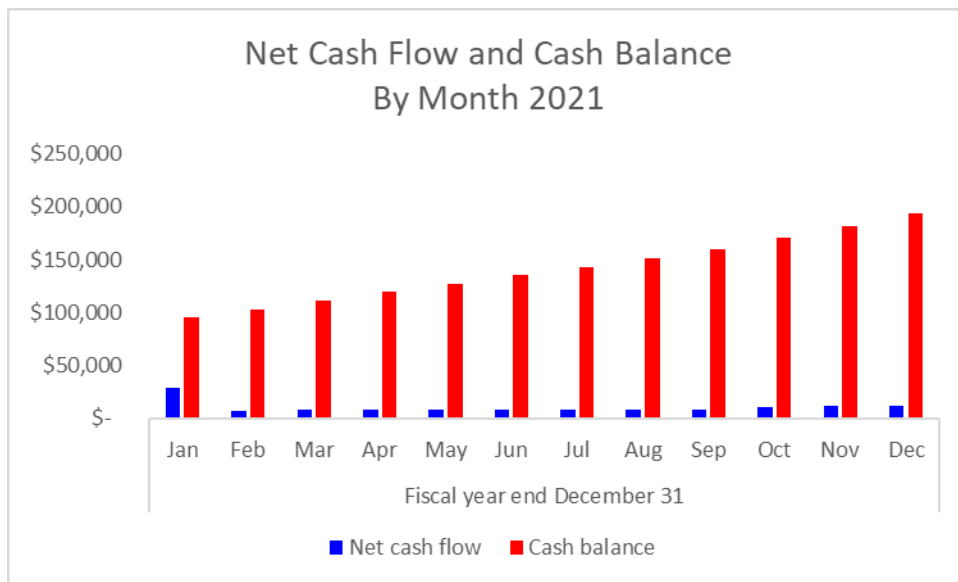
monthly projections – year 1

The 12-month financial projections demonstrate the following.

- **Income Statement:** The 12-month income statement reflects the business will achieve profitability in year 1.



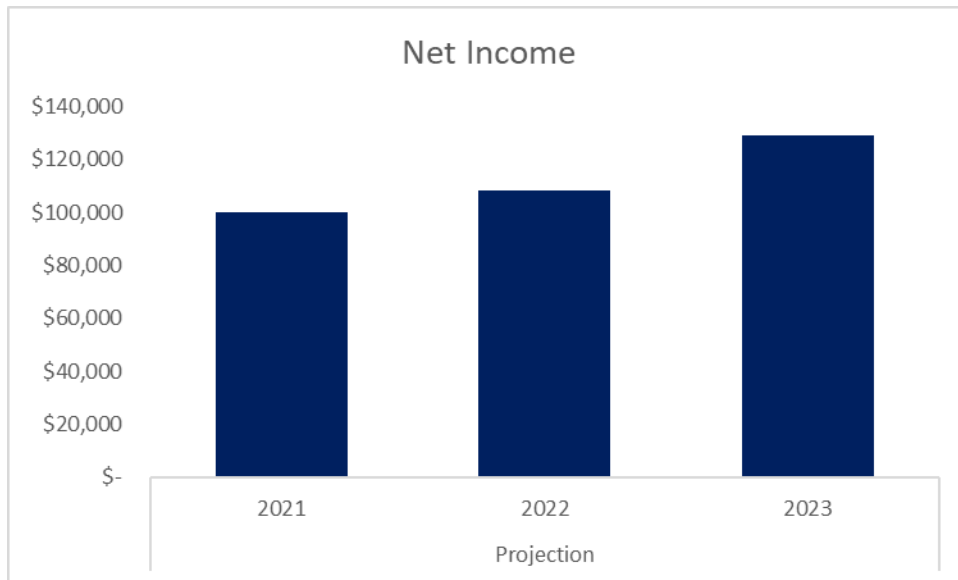
- **Balance Sheet and Cash Flow Statement:** The 12-month balance sheet and cash flow statement show positive cash flow and increasing net worth.



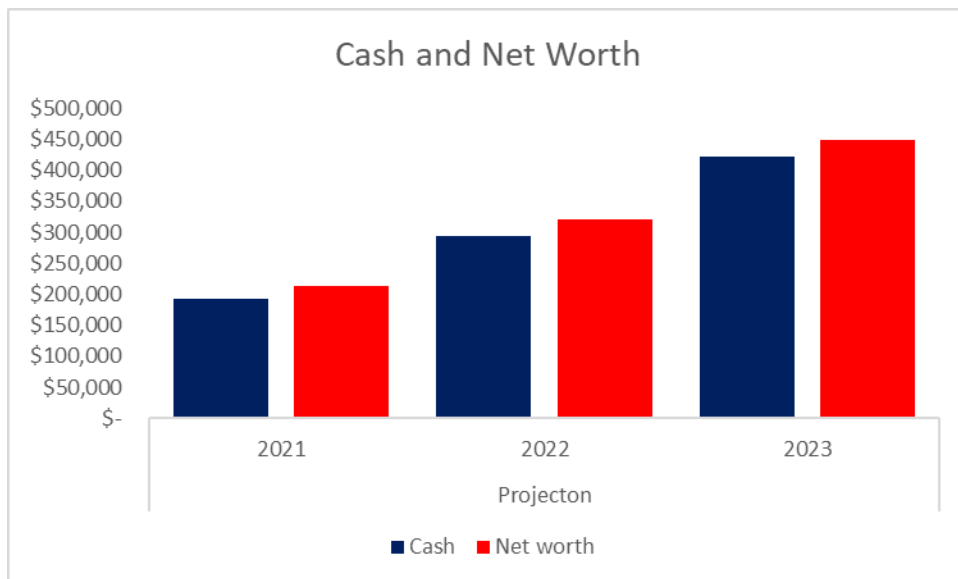
3-Year Projections

The 3-year financial projections demonstrate the following.

- **Income Statement:** The 3-year income statement demonstrates Main Street will be profitable in all three years.



- **Balance Sheet:** The 3-year balance sheet and cash flow statement show positive cash flow and increasing net worth.



Break-Even Analysis

Main Street's annual break-even point is \$377,000.

	<u>2021</u>
Annual fixed costs	\$ 245,598
Cost of sales as a percent of sales	35.00%
Contribution margin as a percent of sales	<u>65.00%</u>
	100.00%
Break-even calculation	
Annual fixed costs	\$ 245,598
Contribution margin as a percent of sales	<u>65.00%</u>
Annual revenue break-even	<u>\$ 377,843</u>

APPENDIX

See the following pages.

- Profit and loss statement – Year 1
- Balance sheet – Year 1
- Cash flow statement – Year 1
- 3-year profit and loss statements
- 3-year balance sheets