

# FEASIBILITY BUSINESS PLAN

Main Street Coffee Shop  
Minneapolis, MN  
Confidential

As of October 1, 2024



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

# MAIN STREET COFFEE

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## QUESTIONS TO ANSWER

This plan aims to determine the feasibility of starting a coffee shop in the North Loop of Minneapolis, Minnesota. This study considered the following questions:

- Does the business owner possess the personal skills to be successful in this venture?
- Will the target market area (within a 3-mile radius) sustain this business?
- Will the business achieve profitability within 12 months?

## COMPANY NAME

Main Street Coffee, LLC.

## BUSINESS DESCRIPTION

Main Street Coffee will be an upscale coffee shop that offers high-quality coffee drinks, teas, and locally-made pastries in a homey, cozy, and comfortable environment.

Main Street will be located in the North Loop of downtown Minneapolis.

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.

## PRODUCT OR SERVICE

The Company will offer premium coffee, espresso, tea, and pastries. These menu items are suitable for those seeking a drink and light snack.

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## MARKET ANALYSIS

Main Street will target three customer segments:

- Young professionals
- Couples
- Shoppers

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 affluent and are expected to drink coffee more often and regularly than the national average.

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

Customers' primary reasons for returning to a specific coffee bar are great-tasting coffee, quick service, and a pleasant atmosphere.

## 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 is home-like, cozy, and comfortable. No other North Loop competitor has this type of atmosphere.

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

## MARKETING AND SALES 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).

## MANAGEMENT TEAM AND WORKFORCE

The owners are Nora and Nick Charles. Nora is currently a manager at Sanchez, a successful restaurant in St. Paul. Nick recently sold a family-owned restaurant. He is a Minneapolis Chamber of Commerce member with an extensive business associate network.

## FINANCIAL PROJECTIONS

The underlying financial planning assumptions include the following:

- The total start-up funds required are \$200,000. Start-up funds include start-up expenses of an estimated \$50,000 and start-up assets of \$150,000. Start-up expenses include consulting, insurance, legal, remodeling, rent, and other items. Start-up assets include equipment, inventory, and cash.

- Revenues were forecast assuming pricing for coffee at \$5.00, tea at \$4.00, and pastries at \$5. 00.
- Gross profit margins are assumed to be 65%, equal to the industry average.
- Variable operating expenses will average approximately \$14,000 per
- Fixed operating expenses will average approximately \$6,000 a month.
- The annual breakeven point is approximately \$110,000.

Shown below is a forecast income statement for the first-year operations.

- Based on this analysis, the business will achieve profitability within 12 months.
- Based on this analysis, the business will break even within 12 months.
- The business will not require any additional funds to meet its goals.

## **RISKS TO CONSIDER**

- Availability of experienced staff
- Becoming licensed by the City of Minneapolis
- Locating an appropriate facility at the desired rental fee
- Unexpected expenses
- Lack of access to capital resources

## CONCLUSION

Based on this preliminary assessment, this business idea has the potential to be successful.

- The business owners possess the personal skills to be successful in this venture.
- The target market area (within a 3-mile radius) can sustain this business.
- The business can achieve profitability within 12 months.

More research should be done to verify the preliminary planning assumptions.

## SUPPORTING SCHEDULE

(Dollars) Fiscal year end December 31	Projected								
	2021			2022			2023		
	Units	Price per Unit	Revenue	Units	Price per Unit	Revenue	Units	Price per Unit	Revenue
<b>Revenue</b>									
Coffee beverages	70,000	\$ 5.00	\$ 350,000	77,000	\$ 5.00	\$ 385,000	85,000	\$ 5.00	\$ 425,000
Tea	22,000	\$ 4.00	88,000	24,000	\$ 4.00	96,000	26,000	\$ 4.00	104,000
Pastries	29,000	\$ 5.00	145,000	32,000	\$ 5.00	160,000	35,000	\$ 5.00	175,000
Total revenue			583,000			641,000			704,000
<b>Variable Costs</b>									
Cost of goods sold									
Coffee beverages	70,000	\$ 1.75	(122,500)	77,000	\$ 1.75	(134,750)	85,000	\$ 1.75	(148,750)
Tea	22,000	\$ 1.40	(30,800)	24,000	\$ 1.40	(33,600)	26,000	\$ 1.40	(36,400)
Pastries	29,000	\$ 1.75	(50,750)	32,000	\$ 1.75	(56,000)	35,000	\$ 1.75	(61,250)
Total variable cost of goods			(204,050)			(224,350)			(246,400)
Gross profit gain (loss)			378,950			416,650			457,600
Operating Expenses									
Payroll (non-fixed comp)			(125,000)			(140,000)			(150,000)
Payroll taxes (non-fixed comp)			(17,000)			(19,000)			(21,000)
Sales and marketing			(25,000)			(28,000)			(30,000)
Maintenance			(6,000)			(7,000)			(8,000)
Office expenses			0			0			0
Supplies			0			0			0
Travel and meals			0			0			0
Miscellaneous			0			0			0
Other			0			0			0
Total variable operating costs			(173,000)			(194,000)			(209,000)
Controllable gain (loss)			205,950			222,650			248,600
<b>Fixed Costs</b>									
Amortization			0			0			0
Depreciation			(5,000)			(5,000)			(5,000)
Insurance			0			0			0
Interest expense			(3,000)			(1,600)			(1,200)
Property taxes			0			0			0
Rent			(55,000)			(60,000)			(60,000)
Salaries (fixed compensation)			0			0			0
Payroll taxes (fixed compensation)			0			0			0
Utilities			(9,000)			(10,000)			(11,000)
Total fixed costs			(72,000)			(76,600)			(77,200)
<b>Earnings before tax</b>			<b>\$ 133,950</b>			<b>\$ 146,050</b>			<b>171,400</b>
Earnings before tax margin			23.0%			22.8%			24.3%