PRT3440-001
Kaiyue Kang (Gabriella)
Business Plan

Mission, Vision, Values, Goals & Objectives

My business idea is to operate a bookstore cafe. It will be a full profit business, and the business structure will be Sole Proprietorship. It will not only be a cafe but includes books, magazines, table games, and video games. I would like it become a new trend of hanging out places for young people.

Business values: Teamwork
Communication
Responsibility
Respect
Creativity
Customer Relationships

Mission: The mission of my bookstore cafe is to become a place and a new trend of hanging out places, and the first and most popular choice for young people where they can enjoy their coffee time while reading, chatting or playing games with friends.

Vision: The vision of my bookstore cafe is to create a fun and enjoyable place for young people, and to become a new entertainment trend for young people.

Goal 1: To successfully complete the business plan and make it effective by the end of this semester.

Objectives: 1. By Sep.28th, complete the draft for section: Mission, Vision, Values, and Goals & Objectives.

a. Turn in the first draft by Sep.28th.
b. Revise it after getting feedback, and submit with Market Analysis.

2. By Oct.5th, complete the draft for section: Market Analysis.
   a. Turn in the first draft by Oct.5th.
   b. Revise it after getting feedback, and submit with Operations Plan.
3. By Oct.12th, complete the draft for section: Operations Plan.
   a. Turn in the first draft by Oct.12th.
   b. Revise it after getting feedback, and submit with Marketing and PR.
4. By Oct. 26th, complete the draft for section: Marketing and PR.
   a. Turn in the first draft by Oct.26th.
   b. Revise it after getting feedback, and submit with Risk Management Plan.
5. By Nov.2nd, complete the draft for section: Risk Management Plan.
   a. Turn in the first draft by Nov.2nd.
   b. Revise it after getting feedback, and submit with Business Plan Draft.

6. By Nov. 16th, complete the draft for section: Business Plan Draft.
   a. Turn in the Business Plan Draft by Nov.16th.
   b. Revise it after getting feedback.
7. By Dec. 14th, complete the Final Business Plan, and make sure to turn it in before Dec. 15th at 11:59 p.m.

Goal 2: To get feedbacks on drafts for all the sections and revise them after getting feedbacks form the instructor.

Objectives: 1. Turn in all the files before the due date, and send e-mail to the instructor to get feedbacks.

2. After getting feedbacks, revise the draft based on the feedbacks as soon as possible.

Goal 3: To have a completed business plan to put in my portfolio by the end of this semester.

Objectives: 1. Complete the business section by section, and revise them to make the business plan more effective.

2. Complete the whole business plan at the end of this semester, and then put in in my portfolio and put in on my electronic portfolio website as well.

Market Analysis

Industry description and outlook

Cafe industry is a really popular industry not only in the U.S. but also in the world. It has grown a lot since these years. There are many different famous brands and different styles of cafes as well. The growth of this industry is based on the changing lifestyles of young population, the rising spending on beverages and the big number of middle classes.

According to the Coffee Statistics Report 2012 Edition: there are about 83% adults drink coffees in the U.S., and the coffee consumption represents 75% of all caffeine absorbed in this country. There is an annual growth rate of 7% of coffee shops and this represents the fastest growing segment in the food service industry.

The outlook of the cage industry is growing and extending more in the future. There will be more theme coffee shops than regular coffee shops because they will be more attractive to customers and will become a better choice for customers because there will be more things they can do in theme coffee shops than that in regular coffee shops.

Information about my target market

My target market is the population of young people aged from 18 to 29. This age group includes people who will hang out with friends the most and they like new styles and new things. As my business plan is to operate a bookstore cafe, I think it will be more attractive to this age group.

Additionally, this age group is one that has more stresses in the society. These people receive stresses from their schools, from their jobs and may also from their families. They always need a place to take a rest or talk with friends to express their emotions, and an appropriate with an eased atmosphere to hang out is kind of a very important thing in their lives.

Therefore, this age group will be my main target market.

Distinguishing characteristics

Distinguishing characteristics of 18 to 29 age group:

Physical:

Have good condition of physical health, and have desire to participate various activities.

Social:

- Socialize with different people a lot.
- Usually have more complicated social relationships than other age group.
- Desire to meet more people and communicate with others.

Emotional:

- Desire respect.
- Want to confident with their decisions and get others' supports.
- Receive a lot of stresses.
- Desire to have someone could understand their feelings.
- Want to try new things and accept them quickly.

Intellectual:

- Have abilities to make decisions by themselves and give their comments in different situations.
- Have the ability to consider things from various perspectives.
- Know what they want and what will benefit them the most.
- Have ability to make better choices.

The age group from 18 to 29 would like to try something new and creative, and if they like the new style, they will be willing to spend money on it. If the place meets their interests, they will mostly spend more time and money in that place as well. It is very important to have my bookstore cafe meets these interests and needs from this age group.

Size of the primary target market

I would like to start my business here in Salt Lake City, and the population of my target market age group will be approximately 52065 in 2015. The population tends to be younger, therefore, I will have a larger size of my target market in the future.

There 40% of 18-24 year olds are drinking coffee each day and 54% age 25-39 reported drinking coffee each day, and the average sales of coffee and tea at restaurant and drinking places is estimated to total $18.7 billion in 2012. I can tell this age group spends a lot of money on coffee and they are a very potential market for my business.

Market share

The population was 191, 180 in Salt Lake City in 2013, and there are 338 coffee shops in Salt Lake City.

As this bookstore unlike other famous coffee shop brand, the market share I think I want to gain will be 20% of the potential market, which will be around 40,000 people. Because there are a lot of famous brands and I estimate there are 50% of the market will stick with the

famous brands they always enjoy, and this is also because they trust these brands a lot and they used to go to these coffee shops and they may not want to change. There will also be 15% of the market are people who do not really care what kind of coffee shops and brands, and they just get coffee whenever and wherever they want to. The rest 15% of the market may be someone who will like my bookstore cafe when they come the first time but they do not have time or usually spend time in coffee shops and they may not come again, and I think this part cannot be counted as gained market share.

Pricing and gross margin targets

My bookstore cafe will have an average price for all usual kinds of coffee, and I will have some seasonal special products with flexible pricing system, which means the prices are depends on the costs of the special materials in that time.

The average of coffee shop gross margin is 85%, but mine is a bookstore coffee shop, there will be books, magazines, table games and video games etc. available in the cafe. As these are more profitable items, my gross margin targets will be 85% to 90%.

I will develop a customer loyalty discounts for customers who always come back and bring new friends. There are some special discounts based on festivals and special events as well. I would like to create more interesting and attractive events to involve more potential customer in my business.

Competitive Analysis

My main competitions are famous brands coffee shops like Starbucks, and they have bigger market share. Their strengths are they have brands supports in order to have bigger places and bigger market than my business, they have stable market because they have run the business for a long time, and they have more resources than me. But their weaknesses are they have lacks of creativity because they used to the business style they are using, they become less interesting and less attractive for young people who want to experience something new and their prices are a littler expensive because the famous brands and these prices are less acceptable for younger people from my target market. My competitors' target markets are usually larger than mine, but my target market is still a very important part for them because their higher consumption levels. I think my opportunity to enter the market is that my bookstore cafe will bring something different into the market, and gives customers a new feeling about coffee shops. It can be a place with more creativity and interesting activities, and these will be the most attractive point of my business. I think some barriers are how to break people's habits of going to those famous brands coffee shops they used to go and how to build trust between customers and my business.

Operations Plan

Organizational Structure

The organizational structure of my business will be a pre-bureaucratic structure because it is a small organization and it is a new business. This organizational structure will help me

control the business and the growth and development of this business.
Here is the details of the my organizational structure:

- **General Manager:**

I will be the general manager of the bookstore cafe, and the responsibilities of the general are to control the business, monitor different parts of the business, make key decisions and make sure the business meet the growth and development goals.

- **Assistant manager:**

A hired employee who will be responsible for providing regular services to customers and deal with any problems occur during the daily serving processes. He or she will also work as assistance to the general manager and complete the task the general gives to him or her.

- **Marketing and Accounting Coordinator:**

A hired employee who will be responsible for making specific marketing plans for the business and making the financial reports for the business. He or she needs to report to the general manager about the marketing plans and financial situations of the business.

- **Full time and Part time staff (3-5):**

Hired employees who will be responsible for these positions: bartenders, servers and dishwashers.

Ownership Information

- **Name of owner:** Kaiyue Kang
- **Percentage ownership:** 100%
- **Extent of involvement with the company:** General Manager
- **Form of ownership:** Common stock
- **Management Profiles:**

  Key people in the company:

  1. Name: Kaiyue Kang

     Position: General manager

     Primary responsibilities and authority: Be responsible for the whole business, make important decisions, control and monitor the business in order to gain its goals and make sure it develop as expected.

     Education: Hospitality degree.

     Unique experience and skills: Relevant management experiences, great communication skills and efficient problem solving abilities.

     Special skills: Korean and fluent Mandarin。
  2. Position: Assistant manager

     Primary responsibilities and authority: Be responsible for providing great services to all customers, manage all the full time and part time staff, and deal with problems occur during the serving processes.

     Education: Management degree.

     Unique experience and skills: Relevant management experiences, be able to work with the general manager as an assistant and complete the tasks given by the general manager.

3. Position: Marketing and accounting coordinator

Primary responsibilities and authority: Be responsible for the marketing and accounting parts of the business. Be able to make marketing plans and strategies and financial reports as well.

Education: Accounting or marketing degree.

Unique experience and skills: Relevant experiences, familiar with accounting and marketing processes in this industry.

The Assistant Manager of my business will be able to work with me as my assistant, and if I am not there, he or she needs to be able to make decisions instead of me and manage all the staff. The Marketing and Accounting Coordinator of my business will be able to complete the marketing and accounting jobs of my business and report to me regularly. They will work with me very close in order to help me make right decisions for the company and revise our plans and goals whenever we need to.

Marketing and PR

Market Plan

Mission Statement:

To become a place and a new trend of hanging out place, and the first and most popular choice for young people where they can enjoy their coffee time while reading, chatting or playing games with friends.

Products and services:

a. The products of the bookstore cafe will be different kinds of coffee, various kinds of tea, pastries, books, and some other items like notebooks, pens, and mugs. However, the main products of the bookstore cafe will be the experiences and services.

We want our customers all enjoy their experiences in the bookstore cafe and satisfied with the services they receive in the cafe.

b. The bookstore cafe will cost between $200,000 and $375,000 to set up.

c. The price of our products and services will be 20% higher than the average price because we provide books, magazines, table games and video games for our customers.

Market

a. My target market is the population of young people aged from 18 to 29. This age group includes people who will hang out with friends the most and they like new styles and new things. As my business plan is to operate a bookstore cafe, I think it will be more attractive to this age group.
b. My customers will be mainly the local customers.
c. My target market group is also the most stressful group in the society. These people receive stresses from their schools, from their jobs and may also from their families. They always need a place to take a rest or talk with friends to express their emotions, and an appropriate with an eased atmosphere to hang out is kind of a very important thing in their lives.

d. The population of my target market age group will be approximately 52065 in 2015. The population tends to be younger, therefore, I will have a larger size of my target market in the future.
e. There will be some promotional activities concentrated in specific market like who introduce his or her friends to the bookstore can get a discount coupon for next visit.

Competition

a. My main competitions are famous brands coffee shops like Starbucks, and they have bigger market share.
b. Their strengths are they have brands supports in order to have bigger places and bigger market than my business, they have stable market because they have run the business for a long time, and they have more resources than me. But their weaknesses are they have lacks of creativity because they used to the business style they are using, they become less interesting and less attractive for young people who want to experience something new and their prices are a littler expensive because the famous brands and these prices are less acceptable for younger people from my target market. My competitors' target markets are usually larger than mine, but my target market is still a very important part for them because their higher consumption levels. I think my opportunity to enter the market is that my bookstore cafe will bring something different into the market, and gives customers a new feeling about coffee shops. It can be a place with more creativity and interesting activities, and these will be the most attractive point of my business. I think some barriers are how to break people's habits of going to those famous brands coffee shops they used to go and how to build trust between customers and my business.
c. My competitors may use some more completed marketing techniques that cost more because they have famous brands supports. They have professional marketing team and systematical marketing plans. They have great advertisements and they have a stable market, which can be a guarantee for them. As my business just starts, I will use some basic marketing techniques like posters, flyers, and the Internet. I think the Internet will be our main marketing technique and it will be the most effective one for our business.

Growth Strategy

a. Open the second shop in five year.
b. Have a stable growth of $20,000 in sales in the first three years.
c. Have a growth of $25,000 and $30,000 in the forth and fifth year by opening the second shop and planning more special events and promotion activities.

Pricing

a. Our products will be all kinds of coffee, tea, various pastries, and we will also provide video games, different kinds of table games and other special small items for out customers. Our prices of all coffee products will be 20% higher than the prices in Starbucks, because we provide more than a regular coffee shop. Our magazines, book, table games and video games will be free for customers who purchase our coffee.

Here is our price list for coffee product:

ITEM	TALL	GRANDE	VENTI
Fresh Brewed Coffee	$ 2.00	$ 2.40	$ 2.70
Caffe Latte	$ 3.30	$ 4.40	$ 4.75
Caffe Mocha	$ 3.90	$ 5.00	$ 5.35
White Chocolate Mocha	$ 4.25	$ 5.25	$ 5.60
Caramel Macchiato	$ 4.25	$ 5.25	$ 5.60
Coffee Frap	$ 3.55	$ 4.50	$ 5.00
Mocha Frap	$ 4.50	$ 5.00	$ 5.70
Caramel Frap	$ 4.50	$ 5.00	$ 5.70
Iced Coffee	$ 2.35	$ 2.95	$ 3.55
Iced Mocha	$ 4.50	$ 5.35	$ 5.95
Iced Caramel Macchiato	$ 4.40	$ 5.00	$ 5.70
Hot Chocolate	$ 2.75	$ 3.05	$ 3.35

b. Our prices will be higher but we provide “added value” to our products and services. all the customers will be able to enjoy all the books, magazines, various table games and video games we provide. We provide the special experiences to our customers, which they may have not experienced in other coffee shops. Our bookstore cafe is more than a coffee shop, it is a place people can hang out with friend, play games together, or even people just want to escape from their busy and stressful daily lives and find a quiet place to enjoy their real lives.

Promotion Mix

a. We may ask some ad agencies to design our logo, flyers and posters.
b. The media we use the most will be the Internet, because our target market is a population who use the Internet a lot.
c. Some potential public relations activities will be a business opening, we will also have some table games and video games competitions. During festivals, we will have different theme parties and we will invite some bands for some special activities.

Action Plan

a. We will create a website and use electronic marketing as our main market strategy， and we will upload our promotion activities and special events on our website. We will also use flyers and posters to let more people know about our business.
b. The most important marketing strategy is e-marketing (website), and then our promotion activities and special events, and at last are the flyers and posters.

Production

Our production and services are determined to meet the demands of entertainment and relaxation of our target market, and make our customers enjoy their experiences in the bookstore cafe.

Summary

This marketing plan defines our main product will be our services and guest experiences. We will provide the most satisfied services for our target market based on the market research and make sure they have great experiences in the bookstore cafe. Our prices and promotion activities and special events will be updated depends on different situations of the target market. Our purpose is to deliver satisfied guest services and make sure all the customers enjoy their experiences.

Public Relations

The public relations strategies of my business will be get our customers involved in our business, create special events and various promotion activities to attract more people from our target market. I would like all of our guests feel they are a part of the business during their experiences. We will post our new events and activities on our website, and also get the website linked to some social website like Twitter, Facebook and Pinterest in order to reach more people.

I would like to make our public relations become potential networks for my business, which make my business be able to reach more people and attract more potential customers as well. I think it will be a great opportunity to expend my business through public relations, and we can find more opportunities of partnerships through public relations as well. Therefore, public relations are a very important part for my business, and it will help my business reach our goals effectively.

Risk Management Plan

Internal Risks

Human Risks:

- Illness:
  Short term: there will be some part-time employees work for the bookstore cafe, if one employee is ill, we will let a part-time employee work for his or her shaft.
  Long term: if an employee has a serious illness, we may consider of hiring another one to instead.
- Work related injuries: we will make sure every employee has health insurance, and we will be responsible for all the related injuries. There will also have safety training in the staff orientation.
- Theft and fraud:
  Product and inventory theft: any employee finds the product and inventory theft, should report to the manager immediately, if the manager value the theft is a serious one, then should call the police in time.
  Time sheet fraud: either the Assistant Manager or me will be monitoring the time

sheet every day in order to prevent time sheet fraud.
Accounting and cash fraud: there will be a numbered copy of every single sale, and the accounting coordinator will check all the copies daily. There will also be a document records how much cash in the cashier desk and I will sign the document every day.

Food Safety Risks:

- All the employees are required to have a food handler certificate to prevent food safety issues.
- All the foods and drinks making processes should follow strict procedures to make sure all the foods and drinks we provide to customers are safe.

Equipment and Information Technology Risks:

- Every employee will be trained to be responsible for all the equipment they will use during the working period, and if they find any problem of the equipment, they should report to the manager immediately and call for maintenance.
- There will be an equipment checklist to fill out every day, and there will be an all equipment check every quarter.

External Risks

Loss of customers:

- We will have different special activities to build customers loyalty in order to decrease the loss of customers.

Loss of employee:

- We have specific rules to protect all the employees' rights, and we will try to build good relationships with employees. However, we still have plans to deal with loss of employee like cross-training and hire new staffs.

Market Changes:

- Decrease in sales prices: we will have some special events and promotions to increase total sales.
- Increase in vendor costs/ Fixed cost changes: we will have flexible pricing system to change our prices of products in order to meet our budget.

In order to analyze different risks our bookstore cafe has, I will have monthly meeting with our Assistant Manager and Marketing and Accounting Coordinator for risk analyzing. In this meeting, we will analyze the risks our business has for that period, and discuss with each other for the most appropriate problem-solving methods in various situations. We will also keep updating our risk management plan in order to monitor the business and make sure we have plans to make the business run well in different situations.

Business Insurance

Type of business insurance: Product Liability Insurance.

Our business insurance type will be Product Liability Insurance, and it will protect all of our products' safety.

Insurances List:
Commercial general liability insurance
Commercial property insurance
Food spoilage insurance
Workers' compensation insurance
Commercial auto insurance

Budget: The budget of insurance will be around $150 per month.