Entrepreneurial Finance

Student’s Name

Institution

**Top view café**

This business plan aims to acquire capital based on debt in addition to securing personal equity funding. The business needs total capital amounting to $30,000.

**The Enterprise**

Top view café uses sole proprietorship as a formal legal entity for its simplicity in operation. The business structure demands insurance cover and effective risk management due to its unlimited liability status. Top view café is an individual-owned small enterprise ready to begin operations from 1st October 2021. This business plan shows actions and strategies the café aims to employ before and after the launch to enhance efficient operation.

The café is to be located along McMinn Rd in a 20 by 20 dining space, two washrooms, a storage room, and a 15 x 15 square kitchen. The space requires $600 per month as rent and renovation fee amounting to $6,000. To operate, the café requires a microwave, commercial dishwasher, freezer, commercial stove, oven, refrigerator, and a cooler for the kitchen. Additional startup expenses include furniture, rent deposit, food inventory, dishes, and marketing.

The Top View Café’s main objective is to offer common American-style lunch and breakfast, focusing on healthy and tasty meals. The idea is to have the café functioning from 6:30 a.m. to 2:30 p.m. daily with an exemption on Sunday which will see the business operate from 8:00 a.m. to 3:00 p.m. The price range for breakfast will be as low as $1.99 to $ 4.99. Lunch hour meal prices will range from $2.50 to $ 5.99.

**Marketing**

The industry is characterized by an increasing trend of people eating out or ordering prepared meals due to limited time and for convenience. Business owners and workers prefer to have lunch and breakfast in eating joints rather than carry meals to workplaces. Top view café will provide meals with proper diets to promote healthy living habits among American citizens. The business will work hard to provide a wide range of food so that no customer misses their favorites.

**Strategies, objectives, and goals**

The choice of the location is to ensure customers enjoy meals in one of the most beautiful environments with amazing scenes to help them relax and ease their minds before embarking on their tasks. The café will pride itself on having the best services in the region with clean washrooms and an adaptable menu. Top view café will serve special meals for each day of the week in addition to the regular meals prepared on a daily basis. Top view café will bank on three vital factors to compete effectively and draw more customers to its doors.

The success elements include the strategic business location, maintaining low overhead, variable expenses, and establishing great market visibility through advertising and brand building. The café aims to serve customers in a friendly manner that will help build relationships to make clients feel part of the business. Local artists' artworks will be printed and hanged on the walls to give the enterprise a local feeling. The sign leading to the café from the street will be large enough to be seen from far with a clear image of 'Top View Café'. Visiting customers will be able to leave comments and make suggestions on improvement areas in addition to the kind of food they would like offered.

**Target Market**

Top view café aims to tap into the already existing market that the local businesses in the region provide. During the week a large number of employees come to the region for work purposes. The target group includes retail clerks, laborers, firm workers, and managers. The café will strive to provide quality services to this group since they form part of repeat customers. Local residents are the second bunch of customers the business aims to serve through smartly packed take-outs that give them the same experience as the sit-in services. The business will try to make arrangements with the local lodgings that do not provide food to have their guests eat at Top View Café. A plan will be made to have the college students visit the area more frequently, especially on weekends, to increase the customer base.

**Marketing Strategy**

This section illustrates the business's actions to remain relevant and attract more clients in a competitive environment (Fifield, 2012).

Top view café will be placing small ads in the local newspaper's dining section to target workers and local residents. Coupons and 2-for -1 offers will be promoted during low seasons. The business will distribute menus in the established firms and businesses in the area, and online orders will be encouraged. Listings and advertisements to be placed in areas most visited by tourists to encourage more walk-ins. The enterprise wishes to print t-shirts that will automatically identify its workers in and around the location. The prices will be pocket-friendly with discounts on some of the meals. Top View Café will greatly rely on references from the already established customers to the new clients visiting the area.

**Management**

The management plan shows the business structure from the management, workers, employed resources, and the enterprise ownership structure (Ward, 2021).

Being a sole proprietor, Jane Michaels takes the full management duties. Jane boasts ten experience years in the hospitality industry, with half of her working years spent as a manager in a three-star hotel.

The café will use the already purchased automated cash register to manage the finances. An automated register tracks sales of different products, records workers, and shows the exact balance amount. The business will accept credit cards after the purchase of a credit card device.

Top view café will rely on the services of a highly qualified chef John Clark who will lead in the kitchen duties. Chef Clark has fifteen years of experience and, before joining the team, was the assistant chef in Havana restaurant.

**Financial plan**

The financial plan is a general overview of the current financial position and the growth projections for future operations (McGuinness, 2017).

The financial statement below is a representation of the initial startup cost projections for the first year.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Initial start-up costs and expenses** | | | | | | | | | |  | | |  | | |  | | |  | | |
|  | | | | | |  | |  |  |  | | |  | | | Amount | | |  | | |
| **Fixed Assets** | | | | | | | |  |  |  | | |  | | |  | | |  | | |
| Leasehold | | | | | | | |  |  |  | | |  | | | 6,000 | | |  | | |
| Equipment | | | | | | | |  |  |  | | |  | | | 21,000 | | |  | | |
| Furniture and fixtures | | | | | | | | |  |  | | |  | | | 1,500 | | |  | | |
|  | | | | | |  | |  |  |  | | |  | | | 28,500 | | |  | | |
| **Operating capital** | | | | | | | |  |  |  | | |  | | |  | | |  | | |
| Insurance premium | | | | | | | | |  |  | | |  | | | 2,400 | | |  | | |
| Start-up inventory | | | | | | | |  |  |  | | |  | | | 5,000 | | |  | | |
| Rent deposit | | | | | | | |  |  |  | | |  | | | 600 | | |  | | |
| Supplies | | | | | |  | |  |  |  | | |  | | | 500 | | |  | | |
| Marketing and advertisements | | | | | | | | | |  | | |  | | | 1,000 | | |  | | |
| Other costs | | | | | | | |  |  |  | | |  | | | 2,000 | | |  | | |
| Cash on hand | | | | | | | |  |  |  | | |  | | | 2,000 | | |  | | |
|  | | | | | |  | |  |  |  | | |  | | | 13,500 | | |  | | |
| Total funds required | | | | | | | | |  |  | | |  | | |  | | | 42,000 | | |
| Top View Café | | |  | |  | | | | | |  | | |  | | |  | | |
| Projected income statement for two years | | | | | | | | | | | | | |  | | |  | | |
|  |  | |  | | Year 1 | | | | | |  | | |  | | | Year 2 | | |
| **Income** |  | |  | |  | | | | | |  | | |  | | |  | | |
| Products/ Services | | |  | | 180,500 | | | | | |  | | |  | | | 231,640 | | |
| Other: |  | |  | | 0 | | | | | |  | | |  | | | 0 | | |
| Total Income | | |  | | 180,500 | | | | | |  | | |  | | | 231,640 | | |
| **Cost of sales:** | | |  | |  | | | | | |  | | |  | | |  | | |
| Products/ Services | | |  | | 67,150 | | | | | |  | | |  | | | 92,736 | | |
| **Total cost of sales** | | |  | | 67,150 | | | | | |  | | |  | | | 92,736 | | |
|  |  | |  | |  | | | | | |  | | |  | | |  | | |
| **Gross Margin** | | |  | | **113,350** | | | | | |  | | |  | | | **138,904** | | |
|  |  | |  | |  | | | | | |  | | |  | | |  | | |
| **Expenses: Wages and salaries** | | | | | | | | | | |  | | |  | | |  | | |
| Owner's compensation | | | | | 34,500 | | | | | |  | | |  | | | 36,000 | | |
| Salaries |  | |  | | 41,101 | | | | | |  | | |  | | | 42,888 | | |
| Payroll Taxes | | |  | | 6,224 | | | | | |  | | |  | | | 6,224 | | |
| Employee compensation | | | | | 1,400 | | | | | |  | | |  | | | 1,400 | | |
| **Total wages and salaries** | | | | | **83,225** | | | | | |  | | |  | | | **86,512** | | |
|  |  | |  | |  | | | | | |  | | |  | | |  | | |
| **Expenses: Business** | | | | |  | | | | | |  | | |  | | |  | | |
| Advertising | | |  | | 2,200 | | | | | |  | | |  | | | 2,400 | | |
| Accounting and legal fees | | | | | 200 | | | | | |  | | |  | | | 200 | | |
| Insurance | | |  | | 3,000 | | | | | |  | | |  | | | 3,000 | | |
| Rent |  | |  | | 7,200 | | | | | |  | | |  | | | 7,200 | | |
| Repairs |  | |  | | 550 | | | | | |  | | |  | | | 600 | | |
| Suppliers |  | |  | | 1,787 | | | | | |  | | |  | | | 1,800 | | |
| Telephone | | |  | | 1,200 | | | | | |  | | |  | | | 1,200 | | |
| Utilities |  | |  | | 4,800 | | | | | |  | | |  | | | 4,800 | | |
| Depreciation | | |  | | 3,843 | | | | | |  | | |  | | | 3,843 | | |
| **Total expenses: Business** | | | | | **24,780** | | | | | |  | | |  | | | **25,043** | | |
|  |  | |  | |  | | | | | |  | | |  | | |  | | |
| **Less: Interest Expenses** | | | | |  | | | | | |  | | |  | | |  | | |
| Loan |  | |  | | 3065 | | | | | |  | | |  | | | 2514 | | |
| Other |  | |  | | 0 | | | | | |  | | |  | | | 0 | | |
| **Total interest expenses** | | | | | 3065 | | | | | |  | | |  | | | 2514 | | |
|  |  | |  | |  | | | | | |  | | |  | | |  | | |
| **Net operating profit** | | | | | 2,280 | | | | | |  | | |  | | | 24,835 | | |
| Less: Taxes | | |  | | 0 | | | | | |  | | |  | | | 0 | | |
| **Net operating profit** | | | | | 2,280 | | | | | |  | | |  | | | 24,835 | | |
| **Top View Café** | | | |  | | |  | | | | |  | | |  | | |  | | |
| **Projected balance sheet for 2 years** | | | | | | | | | | | |  | | |  | | |  | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
|  | |  | |  | | | Year 1 | | | | |  | | |  | | | Year 2 | | |
| **Assets** | |  | |  | | |  | | | | |  | | |  | | |  | | |
| **Current Assets** | | | |  | | |  | | | | |  | | |  | | |  | | |
| Cash | |  | |  | | | 3360 | | | | |  | | |  | | | 27,724 | | |
| Inventory | | | |  | | | 5000 | | | | |  | | |  | | | 5000 | | |
| Prepaid expenses | | | |  | | | 5000 | | | | |  | | |  | | | 5000 | | |
| Other current assets | | | | | | | 2000 | | | | |  | | |  | | | 2000 | | |
| **Total current assets** | | | | | | | 14860 | | | | |  | | |  | | | 39,724 | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
| **Fixed Assets** | | | |  | | |  | | | | |  | | |  | | |  | | |
| Improvements | | | |  | | | 6,000 | | | | |  | | |  | | | 6,000 | | |
| Fixtures and furniture | | | | | | | 1,500 | | | | |  | | |  | | | 1,500 | | |
| Equipment | | | |  | | | 21000 | | | | |  | | |  | | | 21,000 | | |
| **Total** | |  | |  | | | 28,500 | | | | |  | | |  | | | 28,500 | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
| Less: Accumulated dep: | | | | | | | 3,843 | | | | |  | | |  | | | 7,685 | | |
| **Total Assets** | | | |  | | | 40,017 | | | | |  | | |  | | | 60,539 | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
| **Liabilities and owner's equity** | | | | | | | | | | | |  | | |  | | |  | | |
| Accounts Payable | | | |  | | | 25,737 | | | | |  | | |  | | | 21,424 | | |
| Other | |  | |  | | | 0 | | | | |  | | |  | | | 0 | | |
| **Total** | | | |  | | | 25,737 | | | | |  | | |  | | | 21,424 | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
| **Owner's Equity** | | | |  | | |  | | | | |  | | |  | | |  | | |
| Common stocks | | | |  | | | 12,000 | | | | |  | | |  | | | 12,000 | | |
| R/E | | | |  | | | 2,280 | | | | |  | | |  | | | 27,115 | | |
| Total | | | | | | | 14,280 | | | | |  | | |  | | | 39,115 | | |
|  | |  | |  | | |  | | | | |  | | |  | | |  | | |
| **Total owner's equity and liabilities** | | | | | | | 40,017 | | | | |  | | |  | | | 60,539 | | |

**Competitive Analysis**

Competitive analysis helps the business interrogate other businesses in the industry to determine what they can do or operate to have an advantage over the competitors (Fleisher & Bensoussan, 2015).

Top View Café’s comparison with the competitors

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Seats | Meals | Time | Other |
| Top view cafe | 20 | Breakfast and lunch | 6:00 a.m.-  2:30 p.m. | Frequent changing menu  Affordable meals |
| Fine donuts | 20 | Donuts and coffee | 7.00 a.m.-  10.00 p.m. | Only breakfast  One option |
| Tom’s Kitchen | 50 |  | 10:00 a.m.-  5: p.m. | Fast food  Overpriced |

**SWOT ANALYSIS**

SWOT Analysis assist businesses determines internal weakness and strengths in addition to the external threats and opportunities (Sarsby, 2016).

Top View Café is an upcoming enterprise readily equipped to compete for the market share in the hotel industry. The business will take advantage of its marketing strategies, skilled workers, and the ability to listen and respond to customer needs. The café will have a competitive advantage over the competitors due to its position in the region.

**Strength**

The business has already established and agreed with the suppliers, which will see the business acquire supplies at low cost and translate to lower food prices at the café.

Top View café carried interviews and picked the most experienced employees, which will see the business thrive and compete with the best eating joints in the country.

The café plans to have a good relationship with its customers by not only serving the sweetest meals but also creating communication channels to help with referrals.

**Weakness**

The business' dining space is a bit small considering the ambitions and future objectives that aim to see the enterprise grow into a big hotel.

**Opportunities**

Top View Café's choice of location is an advantage since the area is frequently visited, and this will enable the management to listen to new ideas and adapt to new demands.

The business will also take advantage of online platforms such as Facebook and Instagram pages already created to help interact and invite new customers.

**Threats**

The already existing eating joints in the area pose a threat to Top View Cafe.

References

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