

## Business Plan worksheet

### Section 1 Business Basics

*Your name:* Lucy Willis

*Business name:* The Blue Sky Bakery

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#### *Description of the Business*

The Blue Sky Bakery is a new bakery, operating from a 1,800 square foot railway arch on Station Road. Situated within walking distance of a busy commuter railway station, at the confluence of a number of bus routes, and within a quarter of a mile of the South London University campus, we hope to attract a mix of customers - from commuters in a hurry, to community folk. There is space on the premises to create a small café area, with room for 20 customers to sit and enjoy coffee, a sandwich and take advantage of the free wi-fi.

The initial start-up costs come through personal investment, a commercial loan from Santander and money raised from a crowd-funding campaign. The company aims to increase sales revenue from £235,000 in year one to £440,000 in Year 3 with a net profit of £90,000 per annum.

As a company we are conscious of the effects of regeneration in an area that had previously lacked investment. Our social purpose is to make sure that all people in the area can benefit from the positive effects of economic renewal, and we are developing a number of local partnerships to make sure everyone feels they will benefit from our enterprise. We will employ an apprentice, who will be carrying out their training element at South Greenwich Community College. In addition, we will be running regular bread-making and baking courses from the premises, open to everyone, and operating on a 'pay-what-you-can' basis. We will be advertising these through the local community centre.

#### *What are you going to sell? (product or services)*

We will make and sell high-quality cakes and pastries, sandwiches, coffee, tea and other non-alcoholic drinks. We also supply cakes for celebration events, weddings and parties.

As part of the bread-making and baking courses, we will encourage people to bake their own bread using affordable and healthy ingredients.



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### Section 2 Identifying the Need

*What is the need that you have identified?*

We are concerned about the effect of regeneration in the area, and we would like to create a space for the whole community. In the local area, it seems you can choose between high-street chains, which offer budget products, or high-end bakeries in the area, catering for more affluent customers. Because of our unique location, near to a railway station that carries commuters to high-end jobs in the city and across the road from one of South London's biggest housing estates, we would like to appeal to both sets of customers – by offering a choice of basic and premium products. However, we are committed to producing the healthiest products possible within each price range, using high-quality ingredients and unprocessed flour.

*Is this a gap in the market – or are you selling a product or service that already exists?*

There are very few bakeries that set out to appeal to the whole community. We hope that through the subsidised bread-making courses, and by inviting local community groups to use our space for events and as a gallery, we hope to establish a welcoming and inclusive atmosphere.

Unlike other companies, we offer a specialist range of gluten-free and dairy-free products.

*Who are your customers? How do you know who they are?*

Customers include commuters travelling from the nearby railway station, young professionals, young mothers, residents of the nearby estates, students from the nearby University campus.

*Who are your allies? How can they help you?*

We have been working closely with South Greenwich Community College to develop an apprenticeship programme. We will be running a one-year apprenticeship programme for one successful candidate, with an option to take on further apprentices at the conclusion of the programme.

The local Tenants and Residents' Association runs the Community Hall – they have agreed to help us in recruiting local residents to take part in our baking and bread-making courses. We hope this will increase our brand recognition and attract custom from the housing estate.

We will be working with a local voluntary community organisation that runs Art Therapy workshops, and will offer them our space as a gallery to showcase their work.

*Who are your competitors?*

There are a number of bakeries and coffee shops located nearby, selling a similar (but not identical) range of products.

- Pipers, The High Street bakery
- Wheaterie on Market Street
- Cup of Joe on Redmond Street (catering mainly for students and sells sandwiches and pastries)



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*If they sell a product or service similar to your own – how much are they charging/ Where are they located?*

- Pipers sells sandwiches for £1 - £2.50, tea for 80p and coffee for £1.20.
- The local artisan bakery, Wheaterie, located in Market Street, sells sandwiches for £4 - £6, tea for £1.50 and coffee for £2.50.

### Section 3 Success Factors

*Describe your typical customer*

Through market research we have identified five target customer 'types':

**Commuter in a hurry** Will tend to visit early to mid-morning, looking for a coffee, breakfast roll or sandwich. Friendly and efficient customer service is most important for this customer. They will compare the quality of the products and service with leading high street coffee chains and will not become return customers if we don't match up.

**Young professional or student** Will visit all times of the day, attracted to the quality of the coffee, tea and cakes, competitive pricing and availability of free wi-fi.

**Local hospitality and service businesses** Will receive deliveries mid-morning. Demand consistent quality, competitive pricing and reliable delivery.

**Local resident** Perhaps retired, or a young mum. Will be attracted by the friendly atmosphere and the opportunity to have a chat with other customers.

**Bread-making graduate** Having attended one of our baking and bread-making courses, we hope that people from the surrounding community will become loyal customers.

*What leads them to buy the product or service you are selling?*

We believe that it will be a combination of the friendly, efficient service; quality produce; competitive pricing and genuine community feel that will build our customer base.

*Why will your customers use your business rather than go somewhere else?*

Our business ethos is defined by three core values:

**Quality** We are committed to using the best quality ingredients.

**Competitive pricing** Our range of products reflects the diversity of the local community – with a pricing structure that is in line with other local businesses, including high street chains.

**Community** We strive to create an inclusive and friendly business, where customers from all backgrounds feel that our products are 'for them'. The atmosphere in the coffee bar must feel friendly and welcoming. Customer Service will be a key priority, and front of house staff must be efficient and friendly.



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*What is your unique selling point?*

Our unique selling point is our status as a genuine community business. This must be reflected in the presentation of our staff, the quality of our produce, our community courses and our commitment to train local young people to a professional standard.

By a consistent focus on quality and customer service, we believe that we can build a loyal client base.

*How will you make sure your business will be profitable? (consider your pricing strategy against your business costs).*

In order to make the business profitable, we need to make sure that all the strands of the business are successful. The coffee shop will offer steady and reliable growth (with the development of the local area, there will be an increasing number of residents who will be commuting to the city centre). However, because the bakery will take up the majority of the premises, we will not be able to expand the café. We will need to focus our potential for growth on business-to-business sales and catering for events.

### Section 4 Marketing your Business

*How do your customers usually find out about the product or service you are selling?*

Our focus on quality and competitive pricing should ensure that we will build a reputation through word-of-mouth.

Although we will have a launch event, and will be running some promotions to raise awareness locally, the majority of our marketing will be online through Twitter, Instagram and Facebook.

*If the product or service is entirely new – how will they recognise it is something they or the community need?*

As a bakery, we are selling a staple product. However, we hope to promote the benefits of using unprocessed and organic ingredients, as well as the value of using Fairtrade and ethically-sourced ingredients through signage in the shop.

*How are you going to market your business?*

However, the main part of our promotion will be through social media – principally Twitter, Facebook and Instagram.

Online offers and business sales will be promoted through our website and through an e-newsletter.

*How much will it cost?*

We have a limited marketing budget.

We have committed £2,500 to our promotional events (launch party, and a succession of 'free taster' promotions for commuters) and to marketing materials.

Social media promotion will be free.

We will be using a standard Blogspot site initially – with a discount rate of £500 paid to a friendly designer to create the branding and site assets (photographs etc.).



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### Section 5 Your Business Aims

*Using the information in sections 1 – 3, describe your business aims.*

The aim of the business in the first year is to remain solvent and to build a loyal customer base. As we move into the second and third years, we will aim to increase profit to £90,000 per annum.

We aim to achieve a consistently high level of customer satisfaction, measured by

- customer feedback forms sent out as a follow-up after each event booking
- surveys to commercial customers, conducted through the website
- annual customer surveys conducted via a competition in the café.

Key targets will be set around quality, friendliness and speed of service.

We aim to keep quality consistent throughout growth.

### Section 6 The Economy for the Common Good

*In what way will your business support the community? What impact will it have upon the community?*

We are aware that we are setting up a business in an area that previously lacked investment and that the introduction of new money into the area is not always welcomed (principally because regeneration frequently brings higher prices, higher rents, and a feeling that original residents are 'not welcomed').

We hope to be a business that brings only the positive benefits of regeneration. We have planned a number of initiatives to make sure that we are viewed as a business for the whole community:

- A competitive pricing policy.
- Our apprenticeship scheme, with recruitment targeted to local young people.
- Bread-making and baking courses, advertised to the community, and offered on a 'pay-what-you-can-afford' basis.
- Our Equalities and Diversity policy, which determines that staff recruitment will be focused within the local community, so that the backgrounds of our staff reflect the diversity of our neighbourhood.

### Section 7 Logistics, Cost and Income

*How will you produce the goods you are selling?*

Bread and cakes will be produced on-site.

Coffee will be ground and brewed on-site. Tea made on site.



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### *Suppliers*

- Wholesale Baking, Greenwich.
- Farleigh Mill, North Yorkshire.
- Kamani Coffee (importers and wholesalers) Redbridge Street, Barking.
- Regents Tea (importers and wholesalers), Hayes, Middlesex.
- Discount UK Wholesale, Commercial Avenue, Plumstead.
- TJ's, Station Road.

### *Reasons for choosing supplier*

- Wholesale Baking is the nearest wholesale supplier of baking ingredients.
- Farleigh Mill is a specialty miller of organic flour and has a reliable distribution and delivery service. A hydroelectric unit powers their mill and the mill sources rarer forms of wheat from local farmers, which helps preserve genetic diversity.
- Kamani Coffee has an ethical sourcing policy, providing information on all its producers. The majority of beans they import are direct from Fairtrade co-operatives in Africa and Central America.
- Regents Tea sells loose leaf and pyramid teas wholesale. It buys direct from suppliers and specialises in organic tea. We were able to negotiate a discount by listing them as a preferred supplier.
- Discount UK Wholesale, Commercial Avenue, Whitechapel is the most local supplier of sundries. It sells some organic produce, its pricing is extremely competitive, and because of its locality, we can collect orders using the delivery bike.
- TJ's is the local convenience store, and we are committed to supporting local businesses.

### *Payment methods and terms*

As a new account holder, we are obliged to pay Wholesale Baking, Farleigh, Kamani and Regents immediately on receiving an invoice for the first three orders. Thereafter payment will be within 30 days by BACS transfer.

All other purchases by cash.

### *How will your customers receive goods?*

Buying direct from the onsite café (individual loaves, cakes, coffee, tea).  
By delivery bike for local deliveries to restaurants and other businesses.  
By van for other orders (larger deliveries or to addresses over two miles away).

## Section 8 Internal Organisation

### *Organisational structure (Staff)*

Two senior staff (manager and assistant manager)  
Two full-time front of house/kitchen assistants  
Apprentice barista  
Delivery, maintenance and facilities worker  
Two full-time kitchen staff  
Two part-time kitchen staff.

### *Business costs*

Total staffing costs: £168,000 per annum (including National Insurance, Sick Pay, Pension contribution).



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### *Rent or purchase of premises*

£22,800 per annum for rent of premises, including commercial and local taxes.

### *Equipment*

Two Turbofan ovens £10,000  
Preparation tables £800  
Fridge £700  
Baking racks £300  
Coffee grinder £200  
Coffee machine £550  
Plates, cups, assorted crockery and cutlery £450  
Kitchen equipment (bowls, knives, spoons, baking trays) £600  
Dishwasher £220

### *Transport*

Pashley Delivery bike £450 second hand (including service and upgrade).  
Courier Van Lease £1550 per annum (with £12000 deposit).  
£1500 maintenance, tax, insurance on the van.  
£100 maintenance on the bike.

### *Other costs*

Shop-fit £20,000  
Utilities/phone £4000 per annum  
Stationery £500 per annum  
Marketing: launch £2000  
Marketing: fliers £500 per annum  
Website development £500  
Maintenance and hosting £200 per annum  
Accounting software £1200  
Accountancy support £300  
Start up loan repayments £3300 per annum

### *Personal costs (how much money do you need to survive?)*

Rent £12000 per annum  
Food £1800 per annum  
Clothes £300 per annum  
Transport £500 per annum  
Other (phone, music, going out) £1000 per annum  
Holiday £500.  
*Insurance*  
£800 per annum premises.

### *Pricing strategy*

#### *Cost per unit*

Instant coffee	14p
Americano	22p
Latte	22p
Espresso	22p
Cappuccino	22p
Builder's tea	8p
Speciality tea	14p
Basic range loaf	55p
Premium range loaf	70p
Seeded loaf	80p
Baguette	60p
Pastries	£1
Sandwiches	£1 – £2

### *Price per unit*

Instant coffee	£1.20
Americano	£1.50
Latte	£1.80
Espresso	£1.50
Cappuccino	£1.80
Builder's tea	£1
Speciality tea	£1.20
Basic range loaf	£2
Premium range loaf	£3.20
Seeded loaf	£4
Baguette	£2.50
Pastries	£2.20
Sandwiches	£2.50 – £3.50

### *Profit*

### *Projected average sales:*

Bread: 120 loaves per day  
Coffee: 220 cups a day

Tea: 40 cups a day  
Pastries/sandwiches: 20 – 50 per day

