



C o f f e e H o u s e & R e s t a u r a n t

Business Plan
June 2009



Overview

Youthworx East Africa is a registered charity in UK and a Company Limited by Guarantee in Uganda. We exist to work in partnership with local Churches in East Africa to develop effective Youth Ministry with a focus on discipleship. As the work has developed we have recognized a need to have a local income and as such present our business plan for AMIGOS, a city Coffee House/Restaurant.

The primary aim is to produce a stable income to support our team of volunteers. This will be done by them taking responsibility for the day to day running of AMIGOS, thus effectively earning their own support within YEA.

Our choice of location and target customer base reflects our desire to bring our ministry of discipleship and our business ethic together. Many of our customers will be young people and AMIGOS will give us a base for relationship building. Also we will be able to practically teach entrepreneurship skills to our own volunteers and staff team through the running of this business.

As we launch this new and exciting venture we request you to consider supporting us through offering either gifts or soft loans towards the start up capital required. If after reading this you have any further questions or suggestions please do contact us.

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Executive Summary

The name of the Coffee House/Restaurant shall be AMIGOS, a Spanish word meaning friends. AMIGOS is a new medium-sized Coffee House/Restaurant to be located in the busy student district of Wandegeya, Kampala. The AMIGOS emphasis will be on coffee/snacks and creative Afro-European food.

AMIGOS will be different to the average Ugandan catering outlet. We will provide a unique combination of excellent good value food with a fun and entertaining atmosphere. AMIGOS is the answer to an increasing demand. Our target customers: (1) want value for money; (2) expect high quality, and (3) want an entertaining environment.

This plan is prepared to obtain financing for the initial launch of this concept. The financing is required to begin work on kitchen design, menu development, site selection, equipment purchases, furniture, marketing and some costs related to the first 6 months of business.

It is anticipated that with the success of AMIGOS there may be an opportunity to invest in additional developments for the future. This would be market driven and dependent on the profitability of this initial venture.

The financing, in addition to the capital contributions from the owners (Youthworx East Africa Limited (YEA Ltd)), will allow AMIGOS to successfully open and maintain operations through year one. The initial capital investment will allow AMIGOS to provide its customers with a value driven, entertaining dining experience. A unique, mid-scale, innovative environment is required to provide the customers with an atmosphere that will encourage both University students and middle class Ugandans to bring family and friends to dine and socialize. Successful operation through year three will provide adequate cash flow to be self-sufficient in year four.

1.1 Services

AMIGOS will offer Kampalans a trendy, fun place to have great food in a social environment. Afro-European recipes will be used to provide the customers with a diverse, interesting menu. We will also be emphasizing healthy dishes, recognizing a growing trend within the Ugandan restaurant industry to offer healthy cuisine.

1.2 Customers

AMIGOS has five distinct target groups. The first is the university students which number approx. 100,000. The second is the business community which is growing at an annual rate of 8% with 20,000 potential customers. The third group is the University staff and their families. The fourth group is secondary school students from the nearby privately funded secondary schools. The last group is the 'young happy couples' who frequent Wandegeya in the evenings

1.3 Management

AMIGOS is in the process of assembling a strong management team. In addition, Brian Kaganzi (Accountant) and Collin Muwonge (Youthworx Core Team) will be responsible for all of the finance and accounting functions. Brian and Collin's financial control skills will be invaluable in keeping AMIGOS on track and profitable. AMIGOS also has Ian Wardle, who will initially be responsible for overseeing the practical management of the

venture with some of the YEA volunteers. Ian has previously gained over 8 years of experience in the catering industry.

Most important to AMIGOS is the financial success which will be achieved through strict financial controls. Additionally, success will be ensured by offering a high-quality service and extremely clean, non-greasy food with plenty of variety. AMIGOS believes that as the popularity grows, simple 'supply and demand' will allow for some increases in the pricing structure. We believe our customer base would be prepared to pay a premium for our high standards.

1.4 To summarise - the key to the success of AMIGOS is:

1. The creation of a unique, entertaining, mid-scale, friendly atmosphere that will differentiate us from the competition in Wandegeya.
2. To serve high quality food/snacks/ beverages at realistic prices in a clean, fun environment.
3. To ensure good financial management.
4. Hiring the the right people and providing training, motivation and encouragement. This will help us grow the environment and atmosphere we desire.

1.5 Mission

AMIGOS will be a great place to drink and eat, combining a positive atmosphere with excellent coffee, snacks and food. We want fair profit for the owners (YEA Ltd), and a rewarding place to work for the employees. As a Company Limited by Guarantee all profit after paying salaries and costs will go into the work and objectives of Youthworx East Africa.

2. Company & Costings

2.1 Company Ownership

AMIGOS will be an income generating subsidiary of Youthworx East Africa Ltd.

2.2 Start-up Summary

We are in the process of finding the best suitable location for the business. The cost of rent / leases for properties in this area are in the range of 500,000 shillings-800,000 shillings per month.

The figures in the following spreadsheets are quoted firstly in Uganda Shillings which is a non-saleable currency. The exchange rate against the £/\$/Euro varies considerably as international currencies gain or lose strength. The next spreadsheets display the costs at the median rates of 3000 shilling to 1£ Sterling, 1800 shilling to 1USD and 2100 shilling to 1 Euro. (These are correct at the time of writing)

Regarding the spreadsheets of initial funding requirements and projections to year 3 on next page we must be clear that Youthworx East Africa (UK Charity) and Youthworx East Africa Limited (Ugandan Ltd Co. by Guarantee) have no liabilities or loans. You can therefore be confident that the financial projections below give you a full picture of how a business loan or gift will be used.

We anticipate that multiple small loans will be the most attractive option to potential investors. YEA Ltd is open to other methods of financing. So if you have a good idea please contact us with your suggestions.

AMIGOS Business Plan projections

<u>Fixed start up costs</u>		<u>Monthly Overheads</u>	
Up front rental (first 6 months)	4,800,000	Wages	2,500,000
Marketing	500,000	Water	60,000
Structural changes	1,000,000	Gas	100,000
Business Licence & Registration	150,000	Electricity	150,000
Broker fees (Agent)	150,000	Wage + utilities	2,810,000
Décor / Painting	500,000	Ongoing rent	800,000
Menu / printing	200,000		
	7,300,000	Total Monthly Overheads	3,610,000
<u>Start up assets</u>			
Equipment	3,000,000		
Furniture	2,000,000		
	5,000,000		
Initial Start up cost	12,300,000		
Prime pump funding needed to start the coffee shop project: (includes 3 months overheads in start up)			20,730,000

Sales & Cost forecasts

	Weekly Units	Unit cost	Unit price	Turnover	Profit
Meals	350	1,500	4,000	1,400,000	875,000
Snacks	210	1,000	3,000	630,000	420,000
Refreshment drinks	210	300	1,500	315,000	252,000
Coffees / Teas	350	200	1,000	350,000	280,000
Sodas	280	700	1,000	280,000	84,000

Weekly Turnover: 2,975,000
 Weekly profit from sales: **1,911,000**
 Weekly overhead costs: 859,524

Gross Profit per week: 1,051,476

	Year 2 projections:	Year 3 projections:	
Weekly sales profit	2,293,200	2,751,840	Annual increase of 20%
Overhead costs	988,452	1,136,720	Annual increase of 15%
Gross Profit:	1,304,748	1,615,120	

	Year 1	Year 2	Year 3
Monthly gross Profit	4,416,200	5,479,940	6,783,503
Annual gross Profit	52,994,400	65,759,280	81,402,036

AMIGOS Business Plan projections (£ GBP)

Fixed start up costs

Up front rental (first 6 months)	1,600
Marketing	167
Structural changes	333
Business Licence & Registration	50
Broker fees (Agent)	50
Décor / Painting	167
Menu / printing	67
	2,433

Monthly Overheads

Wages	833
Water	20
Gas	33
Electricity	50
Wage + utilities	937
Ongoing rent	267
Total Monthly Overheads	1,203

Start up assets

Equipment	1,000
Furniture	667
	1,667
Initial Start up cost	4,100

Prime pump funding needed to start the coffee shop project:
(includes 3 months overheads in start up) 6,910

Sales & Cost forecasts

	Weekly Units	Unit cost	Unit price	Turnover	Profit
Meals	350	0.50	1.33	467	292
Snacks	210	0.33	1.00	210	140
Refreshment drinks	210	0.10	0.50	105	84
Coffees / Teas	350	0.07	0.33	117	93
Sodas	280	0.23	0.33	93	28

Weekly Turnover: 992
Weekly profit from sales: **637**
Weekly overhead costs: 287

Gross Profit per week: £ 350

Year 2 projections: Year 3 projections:

Weekly sales profit	764	917	Annual increase of 20%
Overhead costs	329	379	Annual increase of 15%
Gross Profit:	435	538	

	Year 1	Year 2	Year 3
Monthly gross Profit £	1,472	1,827	2,261
Annual gross Profit £	17,665	21,920	27,134

AMIGOS Business Plan projections (Euro)

Fixed start up costs

months)	2,286
Marketing	238
Structural changes	476
Registration	71
Broker fees (Agent)	71
Décor / Painting	238
Menu / printing	95
	3,476

Monthly Overheads

Wages	1,190
Water	29
Gas	48
Electricity	71
	0
Wage + utilities	1,338
Ongoing rent	381
Total Monthly Overheads	1,719

Start up assets

Equipment	1,429
Furniture	952
	2,381

Initial Start up cost

Prime pump funding needed to start the coffee shop project:
(includes 3 months overheads in start up) 9,871

Sales & Cost forecasts

	Weekly Units	Unit cost	Unit price	Turnover	Profit
Meals	350	0.71	1.90	666.67	416.67
Snacks	210	0.48	1.43	300.00	200.00
Refreshment drinks	210	0.14	0.71	150.00	120.00
Coffees / Teas	350	0.10	0.48	166.67	133.33
Sodas	280	0.33	0.48	133.33	40.00

Weekly Turnover: 1,417
Weekly profit from sales: **910**
Weekly overhead costs: 409

Gross Profit per week: Euro 501

Year 2 projecti Year 3 projections:

Weekly sales profit	1,092	1,310	Annual increase of 20%
Overhead costs	471	541	Annual increase of 15%

Gross Profit: 621 769

	Year 1	Year 2	Year 3
Monthly gross Profit Euro	2,103	2,609	3,230
Annual gross Profit Euro	25,235	31,314	38,763

AMIGOS Business Plan projections (\$ USD)

Fixed start up costs

Up front rental (first 6 months)	2,667
Marketing	278
Structural changes	556
Business Licence & Registration	83
Broker fees (Agent)	83
Décor / Painting	278
Menu / printing	111
	4,056

Monthly Overheads

Wages	1,389
Water	33
Gas	56
Electricity	83
Wage + utilities	1,561
Ongoing rent	444
Total Monthly Overheads	2,006

Start up assets

Equipment	1,667
Furniture	1,111
	2,778
Initial Start up cost	6,833

Prime pump funding needed to start the coffee shop project:
(includes 3 months overheads in start up) 11,517

Sales & Cost forecasts

	Weekly Units	Unit cost	Unit price	Turnover	Profit
Meals	350	0.83	2.22	777.78	486.11
Snacks	210	0.56	1.67	350.00	233.33
Refreshment drinks	210	0.17	0.83	175.00	140.00
Coffees / Teas	350	0.11	0.56	194.44	155.56
Sodas	280	0.39	0.56	155.56	46.67

Weekly Turnover: 1,653
Weekly profit from sales: **1,062**
Weekly overhead costs: 478

Gross Profit per week: \$ 584

Year 2 projecti Year 3 projections:

Weekly sales profit	1,274	1,529	Annual increase of 20%
Overhead costs	549	632	Annual increase of 15%

Gross Profit: 725 897

	Year 1	Year 2	Year 3
Monthly gross Profit \$	2,453	3,044	3,769
Annual gross Profit \$	29,441	36,533	45,223

3. Services

3.1 The Food Menu

We aim to have a simple menu of regular items and then have a daily specials menu. Our aim would be to market the specials so that a high % of our diners will choose them. This will help us to reduce waste and plan ingredients and purchasing.

3.2 Coffee and Snacks

We will feature an attractive variety of good quality coffees/drinks and snacks.

3.3 Organic Ingredients

As part of our aim to provide a healthy menu, we will endeavour to use good quality organic ingredients sourced from local suppliers. Within our target location and client group we will be market leaders in providing this option.

3.4 Afro-European Recipes

Our kitchen team will have freedom to design and produce a range of Afro-European dishes. We will endeavor to procure authentic ingredients so we can hold true to these cultural recipes.

3.5 Interior Design

We like to keep life interesting! Our artwork and design will reflect the diversity of the food we produce.

4 Market Analysis Summary

Because of YEA's connections within the Wandegeya district, we have an excellent feel for the area and its core group of customers. It is a social hub in Kampala with all of our target customer groups working and spending much of their free time in the district. A high % of the University students and staff also reside within walking distance. Wandegeya is a suburb known to be awake and doing business 24/7.

4.1 Market Segmentation

4.11 University students: These number about 100,000 and are still growing. Eighty percent of the university students at Makerere University (Uganda's largest), live in the vicinity making Wandegeya a very strategic place for business. This target group has money to spend on good quality snacks, drinks and meals in a place with a good atmosphere. We are sure the majority of our sales will be as a result of effectively marketing AMIGOS to this target group.

4.12 Business community: This is growing at a rate of 8 percent annually. This group is made up of the owners of shops and businesses in Wandegeya with money to spend on a meal in a good eating place. Our Afro-European dishes will greatly appeal to this group.

4.13 University staff and families: Most of these are professional staff working in departments at the university. eg: professors, accountants, teaching assistants. A big number of these live in university housing with their families and dine in Wandegeya regularly. They have the money to spend in a quality establishment with good customer service and a friendly atmosphere. Our Afro-European dishes and good quality coffee/drinks will appeal to this group.

4.14 Secondary school students: This target group is aspiring to be alongside the university students as well as enjoying good quality snacks and drinks. There are four big secondary schools close to Wandegeya with thousands of young people. This group is more likely to spend on coffee/drinks and light snacks.

4.15 Young Happy Couples

AMIGOS will have an atmosphere conducive to young couples wanting a good place to meet that is social and comfortable. We will provide an alternative to the crowded bars and fast food outlets that dominate the area. Many young, successful couples who have left campus are looking for a place like AMIGOS to enjoy their leisure time.

5 Strategy and Implementation Summary

Our strategy is simple. We intend to succeed by giving people a combination of healthy, interesting food, in an environment that is attractive.

5.1 Competitive Edge

Our competitive edge is the menu, the environment, and keeping ahead of trends in Kampala..

5.2 Sales Strategy

As the table shows, we intend to deliver profitable sales in the first year, and to double that by the third year of the plan.

5.3 Context

The spreadsheet tables are based on trading 7 days a week with flexible opening hours. This is normal within the Ugandan context. We would aim for our staff to have a rolling shift pattern to ensure they get adequate free time and a minimum of 1 day off per week.