**Coffee Shop Business Plan**

**Executive Summary**

Java Culture coffee bar is determined to become a daily necessity for local coffee addicts, a place to dream of as you try to escape the daily stresses of life and just a comfortable place to meet your friends or to read a book, all in one. With the growing demand for high-quality gourmet coffee and great service, Java Culture will capitalize on its proximity to the University of Oregon campus to build a core group of repeat customers. Java Culture will offer its customers the best prepared coffee in the area that will be complimented with pastries, as well as free books that its patrons can read to enjoy their visit.

The company will operate a 2,300 square foot coffee bar within a walking distance from the University of Oregon campus. The owners have secured this location through a three-year lease with an option for extending. The have also provided $140,000 of the required $170,000 start-up funds. The remaining capital will be obtained through Bank of America commercial loans.

The company is expected to grow sales revenue from $584,000 in FY2001 to $706,000 in year three. As Java Culture will strive to maintain a 65% gross profit margin and reasonable operating expenses, it will see net profits grow from $100,000 to $125,000 during the same period.

**1.1 Objectives**

Java Culture's objectives for the first year of operations are:

Become selected as the "Best New Coffee Bar in the area" by the local restaurant guide.

Turn in profits from the first month of operations.

Maintain a 65% gross margin.

**1.2 Keys to Success**

The keys to success will be:

Store design that will be both visually attractive to customers, and designed for fast and efficient operations.

Employee training to insure the best coffee preparation techniques.

Marketing strategies aimed to build a solid base of loyal customers, as well as maximizing the sales of high margin products, such as espresso drinks.

**1.3 Mission**

Java Culture will make its best effort to create 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. We will be in the business of helping our customers to relieve their daily stresses by providing piece of mind through great ambience, convenient location, friendly customer service, and products of consistently high quality. Java Culture will invest its profits to increase the employee satisfaction while providing stable return to its shareholders.

**Company Summary**

Java Culture, an Oregon limited liability company, sells coffee, other beverages and snacks in its 2,300 square feet premium coffee bar located near the University of Oregon campus. Java Culture's major investors are Arthur Garfield and James Polk who cumulatively own over 70% of the company. The start-up loss of the company is assumed in the amount of $27,680.

**2.1 Company Ownership**

Java Culture is registered as a Limited Liability Corporation in the state of Oregon. Arthur Garfield owns 51% of the company. His cousin, James Polk, as well as Megan Flanigan and Todd Barkley hold minority stakes in Java Culture, LLC.

**2.2 Start-up Summary**

The start-up expenses include:

Legal expenses for obtaining licenses and permits as well as the accounting services totaling $1,300.

Marketing promotion expenses for the grand opening of Java Culture in the amount of $3,500 and as well as flyer printing (2,000 flyers at $0.04 per copy) for the total amount of $3,580.

Consultants fees of $3,000 paid to ABC Espresso Services <name changed> for the help with setting up the coffee bar.

Insurance (general liability, workers' compensation and property casualty) coverage at a total premium of $2,400.

Pre-paid rent expenses for one month at $1.76 per square feet in the total amount of $4,400.

Premises remodeling in the amount of $10,000.

Other start-up expenses including stationery ($500) and phone and utility deposits ($2,500).

The required start-up assets of $142,320 include:

Operating capital in the total amount of $67,123, which includes employees and owner's salaries of $23,900 for the first two months and cash reserves for the first three months of operation (approximately $14,400 per month).

Start-up inventory of $16,027, which includes:

Coffee beans (12 regular brands and five decaffeinated brands) - $6,000

Coffee filters, baked goods, salads, sandwiches, tea, beverages, etc. - $7,900

Retail supplies (napkins, coffee bags, cleaning, etc.) - $1,840

Office supplies - $287

Equipment for the total amount of $59,170:

Espresso machine - $6,000

Coffee maker - $900

Coffee grinder - $200

Food service equipment (microwave, toasters, dishwasher, refrigerator, blender, etc.) - $18,000

Storage hardware (bins, utensil rack, shelves, food case) - $3,720

Counter area equipment (counter top, sink, ice machine, etc.) - $9,500

Serving area equipment (plates, glasses, flatware) - $3,000

Store equipment (cash register, security, ventilation, signage) - $13,750

Office equipment (PC, fax/printer, phone, furniture, file cabinets) - $3,600

Other miscellaneous expenses - $500

Funding for the company comes from two major sources--owners' investments and bank loans. Two major owners, Arthur Garfield and James Polk, have contributed $70,000 and $30,00 respectively. All other investors have contributed $40,000, which brings the total investments to $140,000. The remaining $30,000 needed to cover the start-up expenses and assets came from the two bank loans--a one-year loan in the amount of $10,000 and a long-term (five years) loan of $20,000. Both loans were secured through the Bank of America. Thus, total start-up loss is assumed in the amount of $27,680.

**2.3 Company Locations and Facilities**

Java Culture coffee bar will be located on the ground floor of the commercial building at the corner of West 13th Avenue and Patterson Street in Eugene, OR. The company has secured a one-year lease of the vacant 2,500 square feet premises previously occupied by a hair salon. The lease contract has an option of renewal for three years at a fixed rate that Java Culture will execute depending on the financial strength of its business.

The floor plan will include a 200 square feet back office and a 2,300 square feet coffee bar, which will include a seating area with 15 tables, a kitchen, storage area and two bathrooms. The space in the coffee bar will be approximately distributed the following way--1,260 square feet (i.e., 55% of the total) for the seating area, 600 square feet (26%) for the production area, and the remaining 440 square feet (19%) for the customer service area.

This property is located in a commercial area within a walking distance from the University of Oregon campus on the corner of a major thoroughfare connecting affluent South Eugene neighborhood with the busy downtown commercial area. The commercially zoned premises have the necessary water and electricity hookups and will require only minor remodeling to accommodate the espresso bar, kitchen and storage area. The coffee bar's open and clean interior design with modern wooden decor will convey the quality of the served beverages and snacks, and will be in-line with the establishment's positioning as an eclectic place where people can relax and enjoy their cup of coffee. The clear window displays, through which passerby will be able to see customers enjoying their beverages, and outside electric signs will be aimed to grab the attention of the customer traffic.

**Products**

Java Culture will offer its customers the best tasting coffee beverages in the area. This will be achieved by using high-quality ingredients and strictly following preparation guidelines. The store layout, menu listings and marketing activities will be focused on maximizing the sales of higher margin espresso drinks. Along with the espresso drinks, brewed coffee and teas, as well as some refreshment beverages, will be sold in the coffee bar. Java Culture will also offer its clients pastries, small salads and sandwiches. For the gourmet clientele that prefers to prepare its coffee at home, Java Culture will also be selling coffee beans.

The menu offerings will be supplemented by free books and magazines that customers can read inside the coffee bar.

**3.1 Product Description**

The menu of the Java Culture coffee bar will be built around espresso-based coffee drinks such as lattes, mochas, cappuccinos, etc. Each of the espresso-based drinks will be offered with whole, skimmed, or soy milk. Each of these coffee beverages is based on a 'shot' of espresso, which is prepared in the espresso machine by forcing heated water through ground coffee at high pressure. Such espresso shots are combined with steamed milk and/or other additives like cocoa, caramel, etc., to prepare the espresso-based beverages. Proper preparation techniques are of paramount importance for such drinks. A minor deviation from the amount of coffee in the shot, the size of the coffee particles, the temperature of milk, etc., can negatively affect the quality of the prepared drink.