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**EXECUTIVE SUMMARY**

[Baker’s Buns] will offer inexpensive, healthy, and delicious baked goods for all customers. Currently, there are more consumers who are mindful of their food intake and financial expenses and are looking for hearty and delectable but low-priced food. Baker’s Buns wants to meet that demand and become the top source for low-priced and high-quality baked goods that are fresh and of top quality.

The management and employees of [Baker’s Buns] are driven to keep the high standards of their products and to serve their customers with the utmost respect. This overall mindset of the people behind the company will separate it among its competitors not only for its excellent product but also for its customer service.

With the financial support of [20,000 USD], [Baker’s Buns] will enact its plan of renting a strategic area for its first store location and hiring of competent, enthusiastic, and cordial employees for its operation, as well as skilled social media experts for its marketing activities and the creation of the company’s social media presence.

**COMPANY OVERVIEW**

**Mission Statement:** [Baker’s Buns] wishes to provide low-priced, healthy, and delicious baked goods.

**Philosophy:** [Baker’s Buns] puts the quality of its products and customer satisfaction first.

**Vision:** [Baker’s Buns] aims to be the patronized bakery especially by the young middle class.

**Outlook:** Bakeries are a convenient and economical source of healthy food for all kinds of customers, which is especially needed in fast-paced and financially constrained societies with a growing consumer trend for healthy but cheap food.

**Type of Industry:** Baking

**Business Structure:** Sole Proprietorship

**Ownership:** Sole Proprietorship, [Ann Bailey]

**Start-Up Summary**: The start-up cost is [20K USD] to be provided by the owner and will be used for marketing activities, salaries, supplies, and utilities.

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| **Start-Up Funding** |
| Start-Up Expenses | $10,000 |
| Start-Up Assets | $10,000 |
| **Total Funding Required** | **$20,000** |
|  |
| Assets |  |
| Non-Cash Assets from Start-Up | $10,000 |
| Cash Requirements from Start-up | $2,500 |
| Additional Cash Raised | $5,000 |
| Cash Balance on Starting Date | $2,500 |
| **Total Assets** | **$20,000** |
|  |
| Capital |  |
| Planned Investment |  |
| Owner | $20,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$20,000** |
| Loss at Start-Up (Start-Up Expenses) | -$10,000 |
| **Total Capital** | **$10,000** |
| **Total Capital and Liabilities** | **$10,000** |
|  |
| **Start-Up** |
| Requirements |  |
| Start-Up Expenses |  |
| Rent - 5 Months | $4,500 |
| Advertising | $1,500 |
| Legal Fees | $1,000 |
| Staff Training | $1,500 |
| Insurance | $1,000 |
| Other | $500 |
| **Total Start-Up Expenses** | **$10,000** |
|  |
| Start-Up Assets |  |
| Cash Required | $1,000 |
| Start-Up Inventory | $2,000 |
| Other Current Assets | $5,000 |
| Long-Term Assets | $2,000 |
| **Total Assets** | **$10,000** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$20,000** |

**PRODUCTS AND SERVICES**

**Product/Service Description:** [Baker’s Buns] offers high-quality baked goods. This includes different varieties of bread, special cakes, and other types of pastries.

**Value Proposition:** [Baker’s Buns] makes tasty and healthy baked products at a lower cost ensuring a nourishing and convenient experience for customers of all kinds of financial statuses.

**Pricing Strategy:** [Baker’s Buns] implements penetration and bundling pricing strategies. This is to have a lower price compared to other businesses while also attracting more revenue through the bundled products and offers.

**MARKETING ANALYSIS**

There is a huge marketing opportunity for the baking industry with increasingly health-conscious consumers under financial constraints. A large part of the market currently consists of millennials, who prefer inexpensive, easily-prepared healthy food to fit their busy and fast-moving lifestyles.

**Market Segmentation**

The quality of [Baker’s Buns]’ products will appeal to customers of all ages, but marketing strategies will primarily target middle-class customers between the age of [15-40].

**Target Market Segmentation Strategy**

Customers between the age of [15-40]

* Talented social media managers will be hired to create a website and social media accounts for the company and upload relevant posts that will attract the target customers.
* Social media ads will be made showcasing the company and its products.

**STRATEGY AND IMPLEMENTATION**

**Target Market Strategy**

The company foresees a [10%] increase in its sales after the first year by creating a strong social media presence with relevance that will appeal to its target customers.

**Competitive Edge**

[Baker’s Buns] will use penetration and bundling pricing strategies to maintain low costs that will appeal to its target market.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| Baker’s Buns | * Lower prices
* Healthy products
* A wide variety of products
 | * Smaller business compared to competitors
* Limited production due to a smaller operation
 | * Current consumer demand for healthy food
* Lower prices allow for a loyal customer base
 | * Competitive industry
* Limited production hinders greater profit generation
 |
| Joe’s Bakery | * Older business with multiple locations
* Established customer base
 | * No health benefits in its products
* Outdated company image
 | * Modernized brands appeal to young customers
 | * Older customer base
* No social media presence
 |
| Breadcrumbs | * Strong social media presence
* Offers unique products for specific customers
 | * One location only
* Higher prices for products
 | * Unique products and social media relevance attract more customers
 | * Many similar high-priced niche bakeries in the market
 |

**Sales Strategy and Forecast**

Following the online marketing and social media strategies, the company aims to gain [40,000] units of sales for the first [6 months], with a continuous increase that will arrive at [80,000] sales for the first year.

**Marketing Strategy**

[Baker’s Buns] plans to use social media ads to establish its presence to its targeted consumers. The ads will redirect to the company’s website where more information about the business, its location, products, goals, and philosophy are contained for future customers to learn.

Physical advertisements will also be used such as ads on newspapers and posters spread throughout the immediate vicinity of the business location to directly attract customers.

Promotional bundles will also be made available for the grand opening of the store location.

**Milestones**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Establish social media presence | * Social media managers will follow a posting plan to ensure consistent content
 | First 6 months | Social media accounts will have at least 500-1000 followers |
| Online promotion rewards | * Customers who follow the social media ads to the company website will be awarded discounts
 | Every 2 months in the initial year of operation |  A consistent increase in company website traffic  |
| Early bird promotions | * First customers will receive discounts or promotional bundles
 | First 2 months | Daily customers will reach 100 and above |

**MANAGEMENT AND PERSONNEL**

The head of the company is the owner and [CEO], and directly under her are the store and the marketing manager.

The store manager oversees the day-to-day operation. He or she is responsible for the hiring and training of the employees. He or she will also be in direct correspondence with the CEO and handle any conflicts or concerns before they are passed to the [CEO].

The marketing manager handles the website and social media accounts of the company. He or she will manage the different marketing strategies and promotions currently implemented. The marketing manager will also work with the store manager to observe the effectiveness of the marketing strategies in terms of daily customer turnouts.

**FINANCIAL PLAN**

The financial plan below is based on market research of similar businesses. It includes the projected break-even analysis, profit and loss, balance sheet, and cash flow.

**Break-Even Analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Average Price** | **Variable Costs** | **Contribution Margin** | **Break-Even Units** |
| $5,500.00 | $18.00 | $15.00 | $3.00 | 1,833.33 |
|  |  |  |  |  |
| **Fixed Costs** | **Amount** |  | **Variable Costs** | **Per Unit Amount** |
| Rent | 4,500 |  | Advertising | 5 |
| Insurance | 1,000 |  | Legal Fees | 5 |
|  |  |  | Staff Training | 5 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** | **5,500** |  | **Total** | **15** |

|  |
| --- |
| **Fixed Costs** |
| Business Lease - Rent | $4,500 |
| Insurance | $1,000 |
| **Total Fixed Costs** | **$5,500** |
|  |  |  |
| **Total Units Sold in 1 Month** | **15,000** |
|  |  |  |
| **Variable Costs (Unit Sold/Cost per Unit)** |
| Advertising | $3,000 | $5.00 |
| Legal Fees | $3,000 | $5.00 |
| Staff Training | $3,000 | $5.00 |
| **Total Variable Cost (Per Unit)** | **$15.00** |
|  |  |
| **Break-Even** |
| **Selling Price Per Unit** | **$18.00** |
| Break-Even Point Per Unit [Fixed Costs/(Sales Price Per Unit - Variable Cost Per Unit)] | 5,500 |
| 3.00 |
|  |  |  |
| **Break-Even Point in Units** | **1,833** |
|  |  |
| **Contribution Margin (Selling Price - Total Variable Cost)** | **$3.00** |

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| **Profit and Loss Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Sales | $80,000.00 | $100,000.00 | $150,000.00 |
| Direct Cost of Sale | $30,000.00 | $50,000.00 | $60,000.00 |
| Other Cost of Sale | $15,000.00 | $25,000.00 | $30,000.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $35,000.00 | $25,000.00 | $60,000.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $45,000.00 | $75,000.00 | $90,000.00 |
| **Gross Margin % (Gross Profit/Sales)** | **56.25%** | **75.00%** | **60.00%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $9,000.00 | $11,000.00 | $12,000.00 |
| Insurance | $8,500.00 | $11,000.00 | $12,000.00 |
| Utilities | $7,000.00 | $10,000.00 | $12,000.00 |
| Salary (Including Tax) | $20,000.00 | $21,000.00 | $23,000.00 |
| Maintenance & Supplies | $1,500.00 | $3,500.00 | $4,000.00 |
| **Total Operating Expenses** | **$46,000.00** | **$56,500.00** | **$63,000.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | -$11,000.00 | -$31,500.00 | -$3,000.00 |
| Depreciation | $100.00 | $600.00 | $700.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $600.00 | $1,000.00 | $1,500.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **-$1,600.00** | **$17,500.00** | **$25,500.00** |

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| **Balance Sheet Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Cash | $100,000.00 | $144,000.00 | $190,000.00 |
| Accounts Receivable | $5,000.00 | $11,000.00 | $16,000.00 |
| Inventory | $2,000.00 | $5,000.00 | $13,000.00 |
| Other Current Assets | $2,000.00 | $7,000.00 | $15,000.00 |
| Total Current Assets | **$109,000.00** | **$167,000.00** | **$234,000.00** |
|  |  |  |  |
| Long-Term Assets | $8,000.00 | $10,000.00 | $11,000.00 |
| Accumulated Depreciation | $1,000.00 | $1,250.00 | $2,000.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $7,000.00 | $8,750.00 | $9,000.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$116,000.00** | **$175,750.00** | **$243,000.00** |
|  |  |  |  |
| Accounts Payable | $24,000.00 | $15,000.00 | $7,000.00 |
| Notes Payable | $500.00 | $2,000.00 | $1,500.00 |
| Other | $500.00 | $1,500.00 | $2,000.00 |
| Total Liabilities | **$25,000.00** | **$18,500.00** | **$10,500.00** |
|  |  |  |  |
| Paid-in Capital | $10,000.00 | $9,000.00 | $9,000.00 |
| Retained Earnings | $50,000.00 | $75,000.00 | $100,000.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$91,000.00** | **$157,250.00** | **$232,500.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **27.47%** | **11.76%** | **4.52%** |

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| **Cash Flow Projection** |
|  | **FY2019** | **FY2020** | **FY2021** |
| Operating Cash Beginning | $90,000.00 | $140,000.00 | $170,000.00 |
|  |  |  |  |
| **Sources of Cash** | $20,000.00 | $24,000.00 | $19,000.00 |
| Receivables | $7,000.00 | $10,000.00 | $28,000.00 |
| Sales | $40,000.00 | $30,000.00 | $40,000.00 |
| Others | $1,000.00 | $4,000.00 | $7,000.00 |
| **Total Cash** | $158,000.00 | $208,000.00 | $264,000.00 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $50,000.00 | $53,000.00 | $55,000.00 |
| Insurance | $10,000.00 | $12,000.00 | $15,000.00 |
| Utilities | $15,000.00 | $20,000.00 | $25,000.00 |
| Salary (Including Tax) | $50,000.00 | $60,000.00 | $75,000.00 |
| Maintenance & Supplies | $2,000.00 | $4,000.00 | $5,100.00 |
| **Total Expenditures** | $127,000.00 | $149,000.00 | $175,100.00 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$31,000.00** | **$59,000.00** | **$88,900.00** |