ARSI UNIVERSITY



COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCUONTING AND FINANCE

INDIVIDUAL ASSIGNMENT OF ENTREPRENEURSHIP

Title :INDIVIDUAL RESTAURANT BUSINESS PLAN

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1. Introduction

The Nature of the Business

Individual 's restaurant is a service giving enterprises. Capital required to start business is birr 200,000. This capital is obtained from the partners and credit association. This means, 60% from partners and 40% from credit association.

2. Executive Summary

Individual's restaurant is a locally owned soft drink and food outlet that will be positioned as an costumer through my creative approach to the company's image and detail presentation. my business will provide a combination of excellent soft drink and food at value pricing, with fun packaging and atmosphere. This is the answer to an increasing demand for snack-type soft drink and food to be consumed.

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one sort drink and food outlet from another.

my main priority is to establish one outlet in a crowded mall, preferably in one of prominent shopping malls in Adama.

Later, my effort will be a further development of more retail outlets in the surrounding area. Initial capital was birr 200,000.

2.1. Objectives

- ✓ To establish a presence as a successful local drink and food outlets and gain a market share in Adama (Cicu) soft drink and food industry.
- ✓ To expand into a number of outlets by year three, and sell the franchise to neighboring cities, such as Asela and Bokoji .

2.2. Mission

my main goal is to be one of the most successful soft drink and food outlets in Adama and neighboring cities.

Individual's restaurant will strive to be a premier local soft drink and food brand in the local marketplace. I want my customers to have the total experience when visiting my outlets.

my main focus will be serving high-quality food and soft drink at a great value.

2.3. Goals (Keys to Success)

To succeed in this business I must:

- Create a unique, innovative, entertaining menu that will differentiate me from the rest of the competition.
- Control costs at all times, in all areas and implement a conservative approach to growth policy. Although, I provide more than enough fund to open more than one outlet, Iwant to be on the safe side of the business.
- Sell the products that are of the highest quality, as well as keeping the customers happy with all of I product categories from food to store merchandising.
- Provide 100% satisfaction to My customers and maintaining the level of excellent services among other competitors.

3. Industry Analysis

The services industry is increasing in the current time, much of this growth was contributed by the soft drink and food sectors, whose wide appeal amongst a young population, for whom time is of a premium, led to high levels of growth. This growth is underpinned by market demand and lifestyle changes, such as seeing eating out as part of trendy lifestyle.

3.1 Future Outline and Trends

According to government surveys, the people of Ethiopian spending on “eating out” and soft drink are continuing to increase. Spending on food as a percentage of total average food-spend reached 50% in 5000. Future

trend is also increasing. The growth in spending in the food service sector arises from a number of factors:

- Increased affluence amongst Adama specially those under the age of 40 years.
- Increased convenience-seeking amongst younger.
- Younger middle and upper income group families and individuals are also frequent users of the full service restaurants, modern-style coffee shops and cafés that now exist all across Adama.

3.2 Analysis of Competition

The competition in this area not more developed. But there is some competitor in the Adama. The competitors are offering substitutions and similar product categories. my main target is providing better services to my customer that will make value greater than competitor. my main competitors are Right, Oftana, and Open restaurant.

3.3 Market Segmentation

Iam targeting young Adama’s as my primary market. Kebele (Cicu) first road is the place to meet and hang out after school. Due to heavy extra-curricular activities among Adama's youth, it is common for high school’s student to have lunch inside shopping malls, and not at home.

my secondary market segment is the "Working Adama’s" With so many shopping malls in the vicinity, Road is the haven for shoppers and job seekers alike. In this area also non-government organization known as hostel, in this place lives 3,000 student this was my target market segmentation.

3.4 Industry Forecast

my main goal is to be leading and one or the most successful soft drink and food service. From 3 years the business growth its service giving to customers by providing the other service to customers and expand its branch in the town and open other branches in another town.

my business open branches in ,Asela,Bokoji and another town, in this town there is costumer. So these will be the future target customer for my business.

In addition to these the business expands in other service like, internet restaurant, sale of some goods, which is complementary with the restaurant service.

4. Description of Venture

4.1 Product

I want to focus on selling soft drink and food. Other alcoholic drinks will not be sold as in Individual's restaurant promote a health and positive Ethiopian lifestyle. In promoting the Individual's restaurant lifestyle I will offer various merchandize with my logo and color. my costumer will enjoy my restaurant.

4.2 Product Description

Individual’s primaries sell soft drink and food; my products are sold to the costumer better than the competitor. Main products sold are: - soft drink

- Special juice
- Coca cola
- Pepsi
- Miranda
- Sprit
- Fanta

Food such as:

- cake
- Fries egg
- Fries chicken
- Sand wishes

4.3. Services

In my restaurant Iam provide better services than the others competitor in order to satisfy my customer. Ialso provides services based on a customer demand or interest such as;-

- Very sauces(delicious) food
- I provide services at less price
- Sell of food better quality
- Quickly responds customer needs.
- I also sell foods and soft drink at night.

4.4. Size of the Business

Size of my business does not much developed, because the initial capital of my business is birr 200,000. This was no have chance to maximize the business. But in the near future Iam by expanding my business by developing my share and credit.

4.5. Office Equipment and Personnel

- I use office modern equipment in order to save time and increase quality equipment such as boiler machine, fridge, and potato pills and others. I also usemy experience properly.

4.6. Background of Entrepreneurs

Iam Food Science and Post Harvest Technology students currently, when I will graduate and complete my profession I will starting a private enterprise. I have interest establish private small business rather than government works. I will finish my education and receive degree in Food Science and Post Harvest Technology in 2013. So after graduation Iwill start business. Iam choice restaurant to our business and our symbol is Friends restaurant and provides quality services and grows our business and expands in to another town.

5. Production Plan

5.1 A Manufacturing Process

Manufacture plan of the Individual's restaurant is the raw materials are come from many supplies, this supplier provide services to my restaurant, It supply of different raw materials such as fruit, teff, vegetable, and other agricultural product, by lowest cost. I will have sub constructor, who invest my restaurant. Those sub constructor selected because of they are reduce my cost.

5.2 Physical Plant

Individual 's restaurant located will range in size from 60 - 80 meter square will seat from 35 – 50 guests. my first location will be on the larger end of this range. The location will feature its own originality in merchandise display and brand building attributes. I will equip the outlet with modern furniture and aim for cleaning and open feeling. my first location will be on the largest end of this range, the location will feature its own originality in merchandise display and other brand building attributer will equip the outlet with modern furniture and aim for cleanliness and an open feeling.

The space selection will be chosen based on the following criteria

- Community size minimum 50000 people with in radius of 10 kilo meters.
- Easy aces.
- Large percentage of teenagers in the community.

5.3 Machinery and Equipment

The business has the following machinery and equipment's in order to run the business on the successful way. This includes.

- TV
- Computer.
- Boilers
- Fridge
- Potato pillar

5.4 Name of Suppliers of Raw Material

Like any business, my businesses have suppliers of raw material or input provide for my business. The supplier provide raw material or input for the business includes teff, wheat, fruit, vegetables and others. These raw materials are supplied by:

- Merchant.
- Farmers
- Surrounding community.
- Retail shops around.

6. Marketing Plan

Individual's restaurant will try to meet his customers demand by setting a fair price, by delivering quality services and excellent provider of the item.

6.1 Pricing

my pricing strategy uses based on cost benefit analysis of the production material and overhead cost.

Soft drink	***Price***
Coca cola	Birr 13
Pepsi	Birr 15
Miranda	Birr 15
Sprite	Birr 13
Special juice	Birr 30
Food	**Price**
Cake	Birr 60

6.2 .Distribution

my distribution strategy is for my restaurant is to provide services at the right time and the right place when the customer needs the product. Where I get enough customers, separate from my competitors place, found a business is close to the customer to satisfy their need.

6.3 Promotions

my promotion strategy is by using media, magazine, newspaper, and other. Mouth of word that means communicates a quality and price of product to customer directly. First I prepare good product and service and then I talk a

customer as a tip to taste the quality then the customer turn back and became loyal to my restaurant.

6.4 Product forecast

I anticipate the highest peak of the month of October – June in my product forecast. During the summer season from October – June there is university student come my restaurant for enjoyment. Approximately 4000 university student visit my restaurant.

6.5 Control

I will control the quality of food in a restaurant and also in my Brothers restaurant I will control deferent products in the restaurant such as control the price, quality, especially quality of food create loyal to a customer for my restaurant. So in order to create customer satisfaction for my restaurant reactive keep the quality of food control means make a product are sauces and satisfy a customer.

7. Organization Plan

7.1 Company Ownership

Individual’s restaurant is a partner held company. It will be registered as an entrepreneurship company, with ownership 30% - Meron Ayala, 10%- Kerre Minuye, 10% - Rashad Sani, 10%- Ruk Simegn, 10%- Rut Tomas and 30% - Keneni Fedesa. From my partner Meron Ayala and Keneni Fedesa have experiences in this business.

7.2. Identification of Partners or Principal Shareholders

Individual’s restaurant have their own partners and principal shareholders run in the company. Individual 's restaurant has, shares are 30%, 30%, 10% ,10%,10% and 10% are contributed, and Individual run the company and achieves the objectives.

7.3. Authority Principal

I have authority and responsibility, . Iam general manager of the restaurant and controls the all the business activety.

7.4 Management Team Background

Individual's restaurant is currently the creative idea of its three founders. As the company is small in nature, it only requires a simple organizational structure. Implementation of this organization form calls for a individuals to make all major management decisions in addition to monitoring all business activities.

As I expand into multiple locations, each location will have a primary site managed by me.

7.5 Role and Responsibility of business.

General Manager

- Has the task of controlling over all activities of business.
- Ensure business plan practically implemented and make any correction when the situation becomes difficult.

Store keeper

- Has of keeping all material that used for production and for other similar purpose.

Cashier

- Has the task of controlling and managing cash and related activities.

Waiter

- The responsibility of our waiters is to serve our customers politely, quickly and safely. Because we give them training about the service variability and services perish ability and so forth.

8. Assessment of Risk

8.1 Evaluation of Weakness of Business

Individualp restaurant will face with some potential hazards given the particular services and competitive environment. The major risk for restaurant could result from a competitor's reaction. I will have weakness in the marketing, production and new advanced technology that might render services. I will have also shortage of finances to run business.

Iwill evaluate weakness of the business as:

- What is myweakness
- Is my restaurant provide quality of service or not
- Does my customer satisfy by my product
- How does my restaurant compute with other competitors

Corrective action

- Prepare effective strategy
- Change the production plan
- Change the marketing plan

8.2 New Technology

I will use new technology or modern technology that is used to assess of risk.

Individual's restaurants will use new technologies that used to make unique from competitors and these new technology used to save time, cost and provides quality to service to customers.

New technology in my restaurants such as;-

- Modern electronic payment system
- Computer
- Boiler
- Potato pill
- Fridge
- Electric juicer

8.3 Contingency Plans

I will prepare strategy in order to solve contingency.

When the risk occurs incurred expenses, in order to control such risk I prepare contingency plan. That means I will predict or forecast different types of risk occur in my business. So in order to control such risk I will have strategy and contingency plan that is make sensitive to such risk.

9. Financial Process and source (Plan)

The company is now privately held by Yisih Future shares will be offered after three consecutive years of operating in Adama.

9.1 Income Statement

As the Income statement shows, Individual 's restaurant will run at a loss for the first three months, using up some of the cash reserves initially invested by the founders. As sales increase, will expand into new locations to aggressively spread brand recognition. This increase in visibility will allow us to take up less expensive locations off of Dilla Road, while maintaining our flagship operation.

For the month ended Jan,

Sales	190,000
Less cost of goods sold	(80,000)
Gross profit	70,000
Less operation and administration expense	(12,500)
Income(loss) before tax	(4,400)
Less provision tax	2,000
Net income(loss)	6000

9.2 Projected Cash Flow

The following chart and table show the Projected Cash Flow for Individual restaurant.

Projected Format Cash Flow table

Projected Format Cash Flow			
Month	January	February	March
Cash Received	5,200	8,050	10,500
Cash from service	2,000	2,100	2,500

Cash Sales	2,300	2,470	2,790
Total Cash received	9,500	12,620	15,790
Long-term Liabilities	1111	1111	1111
Total Cash	10,611	13,731	16,901
Expenditures	January	February	March
Expenditures from Operations			
Cash Spending	12,000	13,000	14,500
Additional Cash Spent			
Sales Tax, VAT	50	65	70
Purchase Other Current Assets	2,000	1,000	500
Subtotal Cash Spent	12,050	14,065	15,070
Net Cash Flow	(3,439)	(334)	1831

9.3 Projected Balance Sheet

Individual 's restaurant projected company balance sheet follows. I expect to run at a loss for the first two months, decreasing my net worth slightly. As the operation becomes more profitable in the third months, our net worth rises again.

Projected Format Balance Sheet			
Month	January	February	march
Assets			
Cash	3,789	4,398	5,074
Long-term Assets	1,400	1,500	2,000
Equipment	12,000	11,800	11,790
Total Current Assets	17,189	17,698	18,864
Liabilities	January	February	March
Accounts Payable	1111	1111	1111
Other Current Liabilities	0	0	0

Total liability and capital	18,300	18,809	19975
Owner equity	55,000	57,070	60,296
Net Worth	73,300	75,879	80,271

9.4 Break-even Analysis

my break-even analysis shows that I need unit sales over 10,000 per month to break even. I do not expect to begin turning a profit until two month.

Break-even Analysis

Break-even Analysis	
Monthly Units Break-even	10,000
Monthly Revenue Break-even	10,000
Assumptions:	
Average Per-Unit Revenue	2.05
Average Per-Unit Variable Cost	0.25
Estimated Monthly Fixed Cost	15,200

Raw materials supplied

Prices of supplied materials

Items	**Price**
Fridge	9,000
Boiler	5,000
Potato pealar	500
Electric juicer	3000

Price list is based on the supplies benefit analysis of the production and equipment, and based on lowest cost method.

Market research is show how to satisfy customer and how to deliver quality services to customer.