

**Business Plan**

# Sweet Treats.

*NPTC Group  
Dwr-y-Felin Road, Neath, SA10 7RF.*

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**Summary and Objectives**

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**Type of organisation:** Partnership. A partnership is when there are two or more people are part of running a business. This means that all the profits and losses are shared equally between the people.

A partnership is a better option as we will be able to split the decisions up, if there is a deadlock decision to be made there are four of us so we will be able to come up with an answer. The disadvantages of running a partnership is that we would have to split the profit between four of us and there could also be conflict in the group as some people may not agree with another's opinions.

**Business Name:** Sweet Treat.

**Business Address:** Neath Port Talbot College,  
Dwr-y-Felin Road,  
Neath,  
SA10 7RF.

**Capital to be invested:**

Each partner within the business has a sum of £500 to invest. Grant aid is also available: Capital, Grants

Prince's Trust

Total Investment

- ◆ The cashflow forecast indicates that the business will require an overdraft facility of around £2,000 for working capital needs for the first twelve months.

This will help smooth out delays between expenditure and income as it will initially be difficult to negotiate credit terms with suppliers. This situation will need to be reviewed on an annual basis.

An overdraft will be more appropriate to the business needs than an additional loan as it is required for short-term working capital needs. Forecasts show that the business bank account will be moving back towards credit after the early months of trading.

- ◆ **Profit Sharing:** All profit will be evenly distributed.

**People in the Business and Area of Expertise:**

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The people that are in this partnership are myself, Nerys Llewellyn, Stacie Lewis, Dylan Absalom and Max Harvey. Stacie is the person that does all the media aspect of the area, Max will be selling the items to the customers and Dylan will be the person who looks after the financial side of the business. I will be cooking and preparing the cakes.

**Security:** As part of an item that we will offer as security for the overdraft, we could put the building as the offer.

We hope to make at least £150 in profit at the end of the first year.

## **Market Analysis**

### **Nature of Business and Market Area**

The business will produce and sell Fairtrade and organic, locally sourced ingredient cakes. Our plan is based upon a guide price for the cakes of £1.50 per slice of the cake or 80p for a cupcake.

Our unique selling point will be the cakes being Fairtrade and the ingredients are organic and locally sourced. This will enable us to achieve sufficient profit margins to allow us to concentrate on high quality rather than quantity. This is supported by market research will shows a gap in the organic cake market.

Research has concentrated on the local population who we see as our market. Our investigations of the market have taken the form of:

- ◆ Secondary research: Which we have used Mintel and or results from the internet. From the Mintel search results, it shows that there is a growing market in snack sized cakes, which means that if we sell small cakes, or sales should increase. Another report that we looked at states that people associate Fairtrade and locally sourced ingredients with healthy eating. This could also boost our sales with the increased number of people who are wanting a healthy lifestyle.
- ◆ Primary research: To try and gather primary research, we created a questionnaire and handed it out to members of the local community that the property that we would like to have is situated in. The results show that we had showed that the people in the area are really open

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to buying cake that is Fairtrade and locally sourced. They also stated that because of our USP they wouldn't mind paying a little extra for the cakes.

### **Competitors**

Within a five-mile radius of our store, there are a number of different bakeries and cake stores (Once Upon a Cupcake, Norfolk Bakery, Icing to Slicing, and many more). This could be a problem because we will have a lot of competition and if our cakes are too high of a price people will go to a store that isn't so dear. This will be something that we will have to keep in mind because this could cause us to lose sales.

We can enter the market because:

- ◆ A relatively small capital investment is required
- ◆ We plan to have no creditors
- ◆ We have excellent premises, new equipment and relatively low running costs.

### **Mission Statement**

Our mission statement is 'The only local business to sell Fairtrade and locally sourced ingredient cakes'.

### **Objectives**

On the basis of the market analysis the business intends:

- To sell our target figure of 25,000 units by the end of the first year.
- To increase our market share in the super premium market by 3% within the first 18 months.
- To maintain and continually improve our business' image.
- To raise awareness of our product amongst our target market.
- To give quality assurance by advertising and promotions.
- To position our product as high quality by entering the top end of the market, meaning high price, high class, luxury.

## **Marketing Plan**

### **Customers**

The business has been able to segment the market according to the type of customer. We expect our customers to be:

- Members of the local community but mainly people who are between the age of 12-21 years old.

Our target customer was identified through using competitor analysis, questionnaires and focus group questions.

Research indicates that customers will want to buy our product because:

- Cake can be eaten at any time of the year.
- Can be eaten as part of a treat or celebration.
- Most people like cake.

### **The Marketing Mix**

#### **The Product**

Our product are cakes that are made from Fairtrade and locally sourced organic ingredients.

#### **Price of the Product**

The business has considered these factors:

- The customers - What can they afford? What they are willing to pay? What do they think is a good 'value-for-money' price?
- Competitors' prices, then decided whether to keep prices in line or undercut them.
- Price structure, for example, will similar products all sell within a fixed price band?
- Which of the pricing strategies has been used? How much is the product?

After looking at these factors, we have decided that the price of the cake should be £1.50 a slice, £6 for a whole sized cake and 80p for a cupcake.

#### **Place**

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The product that we are selling will be sold in a shop that we hope to rent in Swansea City Centre. Customers will be able to access the shop like any other in Swansea. There is a main bus route there as well as a railway. If they can drive, there is also plenty of parking there too. These factors have been chosen because there is a direct route into the city which means our customers can access us at anytime. Swansea also have a lot of people visiting either for the shops, or for work.

### **Promotion**

We will promote our product by producing posters and putting them all over the city, also, for the first six months of opening, we will use a radio advert to broadcast our store. We will also use face to face selling by sending one of our team into the city with leaflets and samples of the cakes that we sell.

I think that the most effective form of selling will be the face to face selling because people will spread the word of what we do a lot quicker than that of a poster. Also, people will believe one of their friends if they tell them how good we are over what we say on a radio advert.

The type of promotion that is going to be the most expensive is the radio broadcasting, but, we will be able to afford it because we have budgeted for it in our plans.

### **Production and Quality Assurance Plan**

We hope to be producing at least 60 cakes a day. We have budgeted that the costs of ingredients that we will have to buy is £450 a week. After calculating the amount of cake that we hope to sell a day, we should be making a minimum of £630 a week. The stages of the production will be getting the ingredients into the store, followed by making and decorating the cake and then the selling process.

### **Resource Requirements?**

Human – we will hopefully be able to employ one or two people to help us run and expand our business after a few months of opening.

Time – it will take roughly an hour to make the cake, 30 minutes to cool and then another 30 minutes to decorate. All in all, it will take roughly 2 hours for a cake to make.

Financial – if we are successful and are able to continue making the amount of money I have stated above, we should be able to keep on top

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of all the financial aspects of running a business, for example, the utility bills.

We will need a premises to be able to work out of, which will ideally be located in Swansea City Centre. Our business will hopefully be up and running at the start of summer 2017.

### **Quality Assurance**

Production will be carried out on the firm's premises to ensure quality control. Each batch will be inspected carefully before distribution to customers. Items will be carefully, sealed in boxes and stamped and dated as 'passed'.

All 'seconds' will be destroyed – none to be sold off cheaply this is because they may not be up to standard for our customers. We also don't want customers complaining that there is something wrong with our cakes. Our aim is to establish a reputation for quality in a niche market rather than to aim for sales volume.

### **Financial Plan**

#### **Capital Expenditure**

The following fixed assets will be purchased:

- Premises – will cost about £95,000.
- Display cases – will cost about £210.
- Security cameras - will cost about £160.
- Plastic containers - will cost about £3.
- Shelving - will cost about £80.
- Laptops - will cost about £399.
- Window shutters - will cost about £299.
- Flashing signs - will cost about £40.
- Counters - will cost about £140.
- Fridges - will cost about £278.
- Stools and tables - will cost about £125.
- Till - will cost about £100.

This shows that we will need quite a number of items. The amount of money that we will be expecting to pay for all of this equipment is roughly £96,836.



### **Funding of capital equipment**

Partners' capital will provide the funds.

#### **Evaluation.**

1. Market analysis – I think our market analysis is pretty accurate for the type of business that we will be running. I don't think that the targets that we have set will be too difficult to meet as long as we stick with the plan.
2. Marketing plan – I think the type of promotion that we have chosen to use will be the most effective out of all of them because they are a big part of the community. They are also the ones that are more likely to drag prospect customers into our business.
3. Production and quality assurance plan – again, like I have stated above, I don't think the plans that we have are too farfetched. I feel as though they are very achievable if we stick to the plans that we have made and we work as a team.
4. Financial plan – I think out of the whole plan this will be the most difficult to fulfil. I think this because we will have to raise the funds to be able to buy all the items that we will need to help make the business run smoothly. To be able to raise the money to buy all of these items, we could go to the bank and ask for a loan and/or a mortgage.

I carried out the plan the way I did because I feel as though this is the best way to show exactly how everything is planned out. I would probably go back and add in a lot more detail. I think the advantages of it being laid out like this is we can see clearly how everything is going to be done. A disadvantage is that you can't see the figure clearly.

I personally think that this plan is viable because nothing is too difficult to achieve. I would like to think that the business will succeed because there is a target market out there that our product will fit in.