My business idea is on pastries, which a drastic change in my career since I have been working in the medical field and now being part owner of a small litigation support company. Owning a pastry shop and doing what I love will provide a potentially exciting business opportunity that will enable me to fill people’s hearts with joy and love through delicious food. After all, the first law of pies is ‘no pastry, no pie’ and not everyone can be a chef or a baker. But most of the people have modest ambitions. Due to my interest in baking, I have the advantage of controlling the product, being creative and room for further expansion (Busken., 2007).

Regarding business ownership, I’d go for Retail baking. This would give me an opportunity to work in stores such as specialty, grocery stores, and bakeries. This would give me the experience to gain more knowledge, then I would have the tools to start my own business. I chose to consider the retail baking as it comes with advantages such as personally preparing the baked goods and overseeing the whole baking process. I would also be responsible for training, hiring and supervising the staff under me. I would also get the opportunity to budget and handle small details like supplies and the production rate daily (Council Adopts New Guidelines for Assessing Project Proposals, 1998).

Some of the strengths of our pastry shop include the diversity in the products we offer. Our pastry shop seeks to consider all types of consumers; therefore, the pastries offered in the pastry shop would include healthy options such as gourmet pastries for clients who watch what they eat. Another strength for the pastry shop would include the fact that the location of our pastry shop would be very strategic. This pastry shop would be located close to the central business district as well as near some educational institutions. The demographics of this area makes for high demand of the pastry products.

The passion and experience in the making pastry topped up with hiring highly qualified staff would ensure the highest quality of pastries are produced. Limited competition in the area that the business hopes to set up is also an added advantage. The fact that this area has fewer patisseries as well as cafés that offer pastry products gives this company a market advantage.

The pastry shop will be open during customer friendly hours which will be early in the morning until late night to ensure that all our clients are served at whatever time they need our products. Our work hours offer a great range in the timeline department to accommodate most of our customers.

Some of the weaknesses would include hiring qualified staff. The pastry shop depends highly on the quality of products and the chefs, therefore, finding the right team to employ would be a challenge as well as costly since the demand for high salaries come with the amount of experience and expertise. Another challenge would be expensive utility bills in regard to water, electricity, and gas. The pastry shop needs to operate long hours which would mean more use of the utilities.

Online retailing has become a trend, and most businesses and most businesses have adopted it by creating online sites. These sites are amazing places to market the company's products as well as a platform for business expansion since having a site helps one reach a larger number of clients in different locations as well (Omelianchuk, 2016).

Competition is one of the major threat. The competitors in this business though not many have been operational for longer years which means they have a solid customer base in the area and have more experience when it comes to knowing the customers' expectations since they have related with them longer. The business also requires large amounts of capital for it to be profitable therefore a threat to the business.

The Pastry shop mainly focuses on middle and upper-income markets. It hopes to serve the diverse demographics of the central business district as well as the educational institutions located close by. This shop hopes to establish a huge customer base especially for the residents who will be the most customers. These locals would ensure the business gets a consistent flow of revenue. International customers would also make up a small part of the market. Most of these international customers will be tourists; therefore, the shop has to very visible and offer competitive products to entice this market segment.

The primary target market for the pastry shop is the residents since a regular stream of these residents would ensure a consistent flow of revenue. With only a few pastry shops that offer regular types of pastries in the areas, a shop that provides a broad range of products that are new and better would be very competitive.

The need for a change in products as well as consistency in high-quality products is high in the targeted market area. The customers' needs must be met and better off if they get products that offer value for their money. When our pastry shop meets all these requirements, then the choice would be obvious leading the pastry shop to higher levels of the competition.

The pastry industry is known to be very competitive and comprises of numerous individual participants. While some of them find a niche market to concentrate on, the others serve the residents and corporates. Pastry prices are not very high since pastries are dependent on the chef's labor as well as overhead. The demand for pastry mainly relies on the size of the local population, the number of similar businesses as well as the living standards of an area (Hellyer, 2012).

Pastries prepared will be made on site then presented on the display shelves. Outside orders would be done by a delivery bike. Large companies have differing ranges of products in their different branches due to size and location of these stores. As the pastry shop grows we hope to incorporate more types of pastry to our existing range as well as open up different branches (Breiter, 1996).

As the sole owner of the business, I would be the director of the pastry shop. This company would also require a general manager who would be in charge of supervising all the operations in the pastry shop. The head pastry chef would also be required, and he would be responsible for making and designing all types of pastries and instructing the assistant chef. Additional staff would include a cleaner and a waitress who would be responsible for serving customers.

The head of the pastry shop is the director followed by the general manager who answers to the director. The Head Chef answers to the general manager and the assistant chef answers to the head chef. The additional staff including the waitress and the cleaner answer to the general manager as well. The director has a degree in medicine and experience in the medical field and is also partially owns a litigation support company. Pastry making has however been a major passion for them for the most part of their lives.

The General Manager will be required to have a minimum of a bachelor's degree in Hospitality. They must also have a minimum of seven years' experience in restaurants and at least two of those years in pastry related restaurants. They must have prior work experience in the managerial position which would make it easy for them to understand a manager's roles. Skills required for this position include decision-making skills, team leadership as well as team player skills, organizational skills, excellent interpersonal skills as well as managerial skills (Chan, 2013).

The Head Pastry Chef is required to have at least a diploma in pastry making courses and have at least three years working as a pastry chef in a fast-moving restaurant. They must also be able to make a huge variety of pastries. The assistant chef would also be required to have a minimum of a diploma in pastry making course and at least one year experience making pastries.

The waitress would be needed to have a minimum of a diploma in hospitality, catering or food service course. As an entry-level position, the only skills required would be interpersonal and service skills. The cleaner would be required to have a minimum of a high school diploma and possess an understanding of the different cleaning processes.

With the growth of the business, the positions that would need filling would include an additional chef and a new waitress. A cashier would also come in handy with business expansion. The cashier would be required to have a basic level accounting course or a diploma in a business-related course topped with accounting knowledge. These positions would be filled as part-time jobs and selection of these posts as well as all the other positions would be done by the director in accordance with experience and skills.

The director is responsible for making sure the overall business runs smooth and for offering financial support to the business as the firm owner. The responsibilities of the director include making major decisions regarding the firm as well as heading the recruitment team. His salary, therefore, begin at 1000,000 dollars for the first year and progress to 105,000 and 110,250 in the next two years respectively. The general manager whose work comprises of the overall management of the pastry shop operations including both the front end and the back end is also responsible for making most of the decisions regarding the operations and complaints by customers (Chan, 2013). His salary would start at 40,800 in the first year and progress to 42,840 and 44,982 in the next two years respectively.

The head chef is the main designer of the pastry products. They are also responsible for deciding the ingredients needed for recipes as well as training the assistant chef. The head chef's salary, therefore, starts at 16,800 and progresses to 17,640 and 18,522 respectively in the following two years. The assistant chef who would assist in making pastries as well as coming up with recipes would have his salary start at 10,000 and progress to 10,500 and 11,250 in the next two years consecutively. The waitress would be responsible for customer service as well as waiting duties and also receive cash from customers. Her salary would start at 10,000 and progress to 10,500 and 11,250 consecutively in the next two years.

The cleaner whose work would include working as a kitchen hand and ensuring all parts of the pastry shop are clean would have his salary at 7,200 dollars.

|  |  |  |  |
| --- | --- | --- | --- |
| PERSONNEL PLAN | YEAR 1 | YEAR 2 | YEAR 3 |
| Director | 100,000 | 105,000 | 110,250 |
| General Manager | 40,800 | 42,840 | 44,982 |
| Head Chef | 16,800 | 17,640 | 18,522 |
| Assistant Chef | 10,000 | 10,500 | 11,250 |
| Waitress | 10,000 | 10,500 | 11,250 |
| Cleaner | 7,200 | 7,200 | 7,200 |
| TOTAL | 184,800 | 193,680 | 203,454 |

**Loan Facilities**

The business will look for and financial institution that offers loans for startups (Mengel & Wouters, 2015). This will be done by searching for an institution with favorable rates and one that offers mentorship to upcoming businesses.

**Partners Funds**

The business will look for partners who will inject the needed capital. They will obtain share and respective percentage of ownership. Besides, they can be allowed to manage the business and be in charge of the day to day operations.

**Personal Savings**

I will inject my savings into the business. The money will play an integral role in obtaining license, compilation of statutory and relevant business documents. Purchase of machinery and other business equipment.

Cash flow Projections:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **YEARS** | **0** | **1** | **2** | **3** | **4** | **5** |
| Revenue | -500000 | 250000 | 275000 | 302500 | 332750 | 366025 |
| Costs less depreciation |  | -184800 | -193,680 | -203,454 | 213626.7 | -224308 |
| EBITD |  | 65200 | 81320 | 99046 | 546376.7 | 141717 |
| Depreciation |  | -20000 | -20000 | -20000 | -20000 | -20000 |
| EBIT |  | 45200 | 61320 | 79046 | 526376.7 | 121717 |
| Taxation |  | -13560 | -18396 | -23713.8 | -157913 | -36515.1 |
| Net Profit | -500000 | 31640 | 42924 | 55332.2 | 368463.7 | 85201.88 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **BALANCE SHEET** | |  |
| **Non-Current Assets** |  |  |  |
| PPE | 250000 |  |  |
| Intangible Assets | 75000 | 325000 |  |
|  |  |  |  |
| **Current Assets** |  |  |  |
| Cash | 150000 |  |  |
| Inventory | 75000 | 225000 |  |
| Total Assets |  | **550000** |  |
|  |  |  |  |
| **Current Liabilities** |  |  |  |
| Account Payable | 50000 |  |  |
|  |  |  |  |
|  |  |  |  |
| **Equity** |  |  |  |
| Capital | 500000 |  |  |
| Total Equity and liabilities | | **550000** |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Profit and loss statement** | | |
| Revenues | 250000 |  |  |
| COGS | 100000 |  |  |
| Gross profit |  | 150000 |  |
|  |  |  |  |
| Administrative Costs | 50000 |  |  |
| Marketing costs | 50000 |  |  |
| Financial Costs | 4800 | 104800 |  |
| PBT |  | 45200 |  |
| Tax |  | -13560 |  |
| PAT |  | 31640 |  |

**Break Even Analysis**

Price per unit= 20

X the number of units

Variable costs 12

Contribution = 8

Fixed Cost =104800

Break Even Sales Units= FC/Contribution

=104800/8

**=13,100** Units

**BEP in sales**

= 13100\*20

=262000

The pastry and retail baking face stiff competition due to lack of barriers to entry. The large businesses enjoy cost leadership hence they charge slightly lower prices that attract more customers and push any new business out of the market. The company will offer discounts to attract customers and acquire a market share. The packaging of the products, the display, and arrangement of the pastries will play a significant role in attracting customers (Hellyer, Fraser & Haddock-Fraser, 2012). The shops and our distribution motorbikes will be branded to make them easily identifiable by our clients. The business will take advantage of the social media marketing to boost its sales and revenues. The shop to shop delivery service offered to our customers will enable us to supply more stores and generate increased profits. The business will offer quality products as the customer is ready to pay for the value of the goods. Besides, suitable pricing will make sure the business meets its sales targets.

The firm looks to serve customers of all ages. Most of this fall within the middle and upper-income economic level. The education institutions and local shops will be our targets in the retail baking. The strategic location of the businesses will attract more of the working class and those dating. The online marketing will target the young generations who are tech-savvy. The shop will look at generating a wider customer base for the residents who will be our primary target.

**SWOT Analysis**

Strengths

The business will derive competitive advantage by offering a diversity of products. This provides the customers with a broad range of products to exercise their choice (Babin & Zikmund, 2015). Besides, the strategic location of the business is likely to attract more customers from the educational facilities. The increasing demand for pastry products will work well for the company. The business schedule is well structured to cater for both the working and non-working class. Furthermore, the firm hires well trained and qualified staff making sure it offers high-quality products.

Weaknesses

The business lacks the finances to recruit and compensate the eligible staff. The company may be forced to obtain the works of semi-qualified staff. The business would also find the utility bills quite expensive as working for increased hours implies more bill amounts. The stiff competition from established companies will make it difficult for the business to penetrate the market. The large amounts of capital required to make the business profitable is also a challenge the business has to deal with. The diseconomies of scales will cause the company charge relatively higher prices compared to its competitors. This may be unattractive to the potential clients hence the revenues will be slightly lower.

Opportunities

The lower number of pastry shops in the area is a chance that the business should exploit. No stores are offering a broad range of products hence making the company unique. Besides, the market is keen on new products and are concerned with products that provide value for their money. If the firm can offer high-quality goods, it is assured of meeting the sales targets (Babin & Zikmund, 2015)

Threats

Customer loyalty may mean the customers may not be willing to shift from their current brands. The economies of scales enjoyed by the large businesses will mean the market price is slightly lower (Carlino, 2012). This results in lower profit margins for the firm due to its small size.

The business will use face to face, email and online marketing to promote its products. The discounts and rebates offered will be displayed at the product packages and the shop entrances. Besides, competition will be used to drive increased sales and offer lucky customers prizes such as branded T-shirts, pens, and hats. The business will benefit when the customers wear these as it provides free advertisement.

Distribution Strategy and service policy

The business will retain the pastries at the business premises. Besides, courier services will be outsourced to ensure the products are supplied to the local shops. This will provide on-demand and real-time delivery to our customers. Besides, the staff will be trained on customer relations to ensure our clients are treated respectfully and with dignity.

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