HORIZON CAFÉ

BUSINESS PLAN

BUSINESS PLAN

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DATE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SIGNATURE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Executive summary**

Horizon cafe is a locally owned fast- food outlet that will be positioned as an international franchise through our creative approach to the company's image and detail presentation. Horizon cafe will provide a combination of excellent food at value pricing, with fun packaging and atmosphere.

Horizon café is the answer to an increasing demand for healthy food, to be consumed while window shopping and walking around inside a shopping mall especially by students.

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one traditional food outlet from another. Nairobi, a city state, is now becoming the model metropolis for Africa's new economic boom.

My main priority is to establish one outlet in the city, preferably near one of the prominent streets within Nairobi. Later, our effort will be a further development of more retail outlets in the areas such as Westlands, Runda and Thika and surrounding areas.

This plan is prepared to obtain a location for the initial launch of this concept. Additional financing will need to be secured for the two subsequent outlets (Nairobi and Mombasa), anticipated in the month, and early in year three. The financing, in addition to the capital contributions from shareholders, will allow Horizon café to successfully open and expand through year two. The initial capital investment will allow Horizon cafe to provide its customers with a value-driven, entertaining experience through the creativity of its founders.

Horizon cafe will entice the working class and business people, these group are conscious of their health and needs to eat healthy non-red meat. We anticipate these target groups to bring their friends and family with our innovative environment, fresh-fish deep fried, and selection of unique signature brown ugali.

1. **BUSINESS DESCRIPTION**
	1. **BUSINESS NAME**

HORIZON CAFÉ and its uniqueness owes its name from an inspiration I acquired from a 1970’s movie, Mario Puzo’s “THE GODFATHER” where a local business owner set up a small restaurant which he named “Popina Horizon” (and later came to be dubbed Popinos), which is Latin for “Horizon Restaurant”. He was a poor lad with a family but no meaningful means to support their needs. He therefore sought to rent out space from an old building in the middle of a busy street. As he did not have much to raise the starting capital, he sought help from his friends who assisted him with a few items such as cooking pots, cutlery, a few tables and chairs and some cash to purchase grocery and other vital items. His food was exceptionally good, compared to the other bigger restaurants within the area. He made mainly the local dishes but had a signature dish which he learnt from his late grandmother when he was young. Soon word spread about the place and his cooking prowess that even the big people such as police chiefs, land owners and businessmen started coming there every lunchtime from work. He lad was making a reasonable amount that he could support his family’s needs and repay his debts and purchase things of his own.

Our own version of Horizon Café acquires its motivation from how Popinos started small and ended up serving a lot, from the owner to the rest of the community

* 1. **BUSINESS LOCATION AND ADDRESS**

Horizon cafe locations will range in size from 50 – 70 meter square and will seat from 15 – 50 guests. Our first location will be in the Central Business Development (CBD) in Nairobi City. The location will feature its own originality in merchandise display and other brand building attributes. We will equip the outlet with modern furniture, provide internet services and aim for cleanliness and an open feeling. We are currently looking at several possible sites in the Nairobi CBD and especially Moi Avenue or Tom Mboya Street.

The space selection will be chosen based upon the following criteria:

• Community size: minimum of 300,000 people within a radius of one (1) kilometres.

• Easy access.

• Large human traffic

• Large percentage of working group and business persons in the community.

All of these qualities are consistent with ‘Horizon cafe' goal of providing a top quality fast food experience. We want "word-of-mouth" to be our best form of marketing, where our customers value our brand as something exciting and cannot wait to tell their friends and neighbours.

Horizon cafe will directly compete with several traditional food joints inside and outside the CBD, including Chicken Inn (chicken specialist), Pizza Inn (Pizza provides), Ranalo (one of the most successful local food joint) and Gallitoz.

* 1. **FORM OF BUSINESS OWNERSHIP**

Horizon café- is a privately held company. It will be registered as a Limited company, with ownership 70% -Mark Mwandoro, 10% - Richard Gichuki, 10% - Joan Wangui, 10%-Allan Martin

Richard Gichuki and Joan Wangui have more than 10 years of experience in the food industry. Both are currently employed as Marine national park and lodge in Mombasa and Hotel Intercontinental in Nairobi respectively.

Caren holds an MSC. in Entrepreneurship MBA degree from Jomo Kenyatta University of Agriculture and Technology. A true entrepreneur by heart, her latest entrepreneurial project is a consultancy in management of business for SMEs a contract she worn from the Government of Kenya.

Allan Martin holds a Masters degree in Tourism and Hospitality from University of Nairobi. He further holds a BSc degree from Jomo Kenyatta University of Agriculture and Technology, majoring in Management and Information Technology. He has held several management positions in a Kenyan Based major IT company.

Brolin Bem holds a Mastersee in Intellectual Property with ten years’ experience in Brand Management. His projects are widely varied from product design to brand development of several reputable companies.

Richard Gichuki holds two Masters degree one in Entrepreneurship from Cambridge University and a Masters degree in Food Technology from Manchester University. He completed several projects and served as project manager for multi-national companies in Kenya.

* 1. **TYPE OF BUSINESS**

As discussed above Horizon Café will be a limited liability company, with its board of directors being Joan Wangui, Richard Gichuki, Allan Martin and I, Mark Mwandoro, with ownership percentage listed above. All requirements for registration are in place, awaiting 2019, when we plan to start the company

* 1. **PRODUCTS AND SERVICES**

We want to focus only on selling Fish based foods. Alcoholic drinks will not be sold in our outlet, as Horizon cafe promotes a healthy and positive Kenyan lifestyle. Instead, we will offer juices made from locally sourced fruits including cocktails juice preparations.

In promoting the Horizon cafe lifestyle, we will offer various merchandise with our logo and colours, from hats to t-shirts to caps to our two signature products namely “kuon ananga’ a locally prepared ugali from millet, milk and served in cheese. The cheese will be packaged in such a way that our customers can enjoy cheese at home. Our signature cheese is exclusively manufactured by women groups along the lake region who have been trained by our technical staff on cheese production and quality maintenance. They can also be also purchased at selected retailers.

 Product Description

Horizon café primarily sell smoked fish, grilled fish, dried fish (Ombabla) and deep fried fish cooked in tomato and onion sauce. Main products sold are: variety of mouth-watering fish dishes served with Brown ugali. Horizon cafe is available in family, large and small portion

The fish can also be served with white ugali and chips to attract the youth. The various fish preparation methods and flavours and are available for variety of fish types such as:

• Smoked Fish

• Sun dried fish

• Grilled fish

• Deep fried fish

* 1. **NATURE OF OPPORTUNITIES**

Consumer expenditures for traditional food in Kenya rose during the end of the year 2009, following the growing healthy eating culture where people are now focusing on white meat such as fish and

chicken and traditional vegetables as opposed to fast foods. The increasing number of new establishments such as traditional food franchises, fancy restaurants and gourmet bakeries around Kenya has shown a significant growth in this sector. Food spending is around 56% of total consumer expenditures in Kenya, and consumer spending on leisure and recreation made up of 13% of total consumer spending.

A much broader appeal exists for weekend slots because those are the days when most of our core target market enjoys the family day activities.

• Age – working and business class people

• Family unit - We will also appeal to families (young families) with children.

• Gender - We will target both sexes, with a slight skew for females due to their higher attention to dietary concerns.

• Income - We will appeal to the medium income individuals and to all in the lower medium income bracket.

Our concept will have very broad appeal. It is our goal to be the destination for traditional food cravings.

* 1. **BUSINESS GOALS**

**1.1 Objectives**

• To establish a presence as a successful local traditional food outlets and gain a market share in Kenya’s traditional food industry.

• To make Horizon cafe a destination spot for health conscious eaters.

• To expand into a number of outlets by year three, and sell the franchise to neighbouring metropolitan cities, such as Nyeri, Mombasa, and Nakuru .

**1.2 Mission**

Our main goal is to be one of the most successful traditional food outlets in Kenya, starting with one retail outlet located inside as a "market tester."

Horizon cafe will strive to be a premier local traditional food brand in the local marketplace. We want our customers to have the total experience when visiting our outlet(s) and website as they will learn about this fascinating new "healthy eating culture." We will sell merchandise from take away food and t-shirts, scarf’s, caps, all with our official brand attached to them.

Our main focus will be serving high-quality traditional food at a great value.

**1.3 Keys to Success**

To succeed in this business, we must:

• Create a unique, innovative, entertaining menu that will differentiate us from the rest of the competition.

• Control costs at all times, in all areas and implement a conservative approach to growth policy.

Although, we provide more than enough fund to open more than one outlet, we want 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 our product categories from food to store merchandising.

• Provide 100% satisfaction to our customers and maintaining the level of excellent services among other competitors.

• Encourage the three most important values in traditional food business: brand, image and healthy eating, as these three ingredients are a couple of main drivers in marketing communications.

• Promote good values of company culture and business philosophy

1. **MARKETING PLAN**
	1. **CUSTOMERS**

According to government surveys, Kenya’s spending on "eating out" is continuing to increase. Spending on cooked traditional food as a percentage of total average food-spend reached 60% in

2010. The growth in spending in the food service sector arises from a number of factors:

• Increased affluence amongst Kenyans, especially those above the age of 25 years.

• Increases in the number of expatriate residents, which has more than doubled since 1988.

• Increased convenience-seeking amongst younger Kenyans who live in a hectic city today compared to the much slower pace of life that existed 20 years ago.

When they want convenient fresh cooked food, Kenyan have long turned to the local hawker stalls, rather than prepared ready-to-cook or ready-to-eat processed convenience foods. As the numbers and variety of food service outlets has increased in Kenya, locals have adopted the convenient products of other food service outlets, especially the fast food outlets, as alternative sources of convenient cooked food. 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 Kenya.

Over the past 5 years, there has been a general upgrading in the food service sector which has seen the establishment of more air conditioned food centres (food courts) that are considerably cleaner than the traditional hawker markets. At the same time, increased investment from foreign and local businesses in the sector has also produced an increase in the numbers of:

• Foreign chains, including chains such as Pizza Inn, Chicken

We are targeting working and business persons within and without the CBD and family outing as our primary market. Moi Avenue Street is the place to meet and hang out during lunch and after work after school. Due to heavy traffic jam in Nairobi it is common for business persons and working class people to have lunch and supper in Nairobi CBD, and not at home. They tend to flock to food joints in town.

Our secondary market segment is the "youth and college students in the CBD." With high human traffic and shopping malls in the vicinity, Moi Avenue Street is the haven for shoppers and job seekers alike.

Lastly, Nairobi City is also the destination for tourists staying in the area. The Hilton Hotel, New Stanley and Six Eighty are a few of the biggest accommodations in Kenya. Tourists will stroll Tom Mboya Street into Moi Avenue, hunting for the latest trend in fashion and tasty traditional Kenyan foods. Horizon cafe is the alternative for a quick sumptuous meal shopping the fancy boutiques in the area.

Table: Market Analysis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| PotentialCustomers | Growth | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| WorkingClassNairobians | 15% | 500,000 | 575,000 | 661,250 | 760,437 | 874,503 |
| Businesspeople inNairobi | 10% | 300, 000 | 330,000 | 363,000 | 399,300 | 439,230 |
| Tourists | 20% | 200,000 | 240,000 | 288,000 | 345,600 | 414,720 |
| Total |  | 1,000,000 | 1,145,000 | 1,312,250 | 1,505,037 | 1,728,453 |

Chart 2: Market Analysis (Bar Chart at year five)

Customer Potential by Market Segment

Expected

Number of

900000

800000

700000

600000

500000

400000

Working Class

Customers 300000

200000

100000

0

1 2

Market Segment

Business Persons

Tourists

Chart 3: Market Analysis (Bar Chart from year 1 to year five)

Customer Turnover from year 1 to 5

Potential

900000

800000

700000

600000

500000

Customers 400000

300000

200000

100000

0

Year Year Year Year Year

Working Class Business Persons Tourists

1 2 3 4 5

Number of Years

* 1. **COMPETITION**

**Competition and Buying Patterns**

The competition in this arena is the fiercest in all other metropolitan areas in Kenya. Nairobi is a compact city, but has a lot to offer. Usually there are a minimum of two of the same outlets within a radius of less than 300 meters. For instance, Chicken Inn opens one outlet inside the Tuskys Shopping Mall along Tom Mboya Street. It is quite common for retailers to implement this kind of strategy, due to the high volume of people strolling around the main area street of Tom Mboya

Another reason is because many retailers do not want to lose sales opportunity, as the competitors are offering substitutions and similar product categories. This phenomenon has made Nairobi the best place to shop.

**Main Competitors**

Our main competitors in this segment are any food outlets within the 200-meter radius along the Tom Mboya Street-Muindi Mbingu St. In our location, there are Chicken Inn, Pizza In, McDonalds and Ranalo Food Joint.

Chicken Inn

Chicken Inn is locally owned franchise who sells Japanese BBQ skewers. Established in 1998, Tori-Q had expanded its operation into neighbouring countries, Indonesia, Malaysia, and Thailand. It is popular among local teenagers as it offers fast service to its customers. Commonly, its outlets are rather small, and can only serve a maximum of 6 guests. It is a choice for those who are in a hurry and would like to grab a quick lunch on the way.

Pizza Inn

Pizza Inn is a joint venture positioned as gourmet pizza joint in Kenya. Most of its retail outlets are decorated with welcoming ambience, such as flowers and see-through kitchens. Pizza Walker is a good place to hang out, and the place is always full during lunch hour. It has more than enough tables to serve a maximum of 55 guests. Its specialty is all-you-can-eat pizza!

Ranalo Food Joint

A local entrepreneur is quite popular in the city centre as it is now expanding into several cities in Kisumu and Mombasa. Ranalo offers simplicity for traditional and western food and often considered alternatives for its long queueing rivals.

Foreign Vs. Local Franchising

Around 40% of the franchises operating in Kenya are foreign. Home grown franchises are still in their maturing stages as they start to expand globally. Franchises from the U.S. account for 65% of foreign brands, with big players such as KFC, Starbucks, Pizza Hut, etc. Due to high capital investment, Kenya conglomerates tend to dominate the industry.

Home grown franchises are more often sought more by young entrepreneurs than are their Western counterparts, as they offer greater flexibility and lower franchise fees to operate. Unlike Western license holders, home grown franchises are more efficient in the overall supply chain management as the basic raw ingredients are commonly found anywhere in the region.

 Competitive Comparison

Horizon cafe has several advantages over its leading competitors:

• Unique "fusion" concept of serving fish with cheese.

• We expect a high degree of enthusiasm and offer a fun store with friendly staff, that reflects the company's health eating culture for those who are health conscious.

• Supporting merchandise items that support the company's brand building.

• Our fish varieties are made 100% fresh, compared to most traditional food outlets that use frozen fish.

• Our cheese is also made fresh without preservatives.

• Our innovative packaging will be more entertaining than our competitors; a single family and large size meal will be served with an extra cheese packaged for take away to be consumes at home. This is to give our customers the same experience even at home.

• The fish is served with any traditional vegetable of your choice

Other indirect competitors are those selling chicken based meat since most health conscious people would prefer white to red meat

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company | Clean | Value | Merchandising | Hangout | Simple | Fresh | Hospitality | Variety |
| HorizonCafé | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Fish Joint | Yes | Yes | Yes | Yes | Yes | No | Yes | No |
| The Lakers | No | Yes | Yes | No | Yes | Yes | No | Yes |
| Indirect competitors selling vegetarian and other types of white meat and especially chicken |
| Pizza Inn | Yes | No | Yes | Yes | Yes | No | Yes | No |
| ChickenInn | Yes | No | Yes | Yes | Yes | Yes | No | Yes |

* 1. **METHODS OF PRODUCT PROMOTION**

We will deploy three different marketing tactics to increase customer awareness of Horizon cafe. Our most important tactic will be "word-of-mouth" and in-store marketing. This will be by far the cheapest and most effective of our marketing programs because of the high traffic in targeted shopping locations.

The second tactic will be local store marketing. These will be low-budget plans that will provide community support and awareness of our facility. The last marketing effort will be utilizing local media. Although, this will be the most costly, this tactic will be used sparingly as a supplement where necessary.

• In-Store Marketing

o In-store brochures containing our concept and philosophy.

o Wall posters.

o Design concept.

o In-store viewing of making fries process from cutting to frying.

o Standing signage inside malls’ lobby/aisle.

o Outdoor signage (if possible).

o Grand opening promotion.

o Party catering.

o Merchandising items.

• Local Store Marketing

o Brochures.

o Free occasional t-shirts at local stores events.

• Local Media

o Direct mail piece – containing brochures sent to surrounding addresses.

o Web page – containing company philosophy, history and news.

o Local magazines that target our core customers, such as Free! Magazine.

o Newspaper campaign – placing several large ads throughout the month to explain our

concept to the local area.

5.2.4 Positioning Statement

Our main focus in marketing will be to increase customer awareness in the surrounding community. We will direct all of our tactics and programs toward the goal of explaining who we are and what we are all about. We will price our products fairly, keep our standards high, and execute the concept so that “word-of-mouth” will be our main marketing force.

3.3 Sales Literature

Horizon cafe will use advertising and sales programs to get the word out to customers.

• 3,000 color brochures to be distributed throughout destination shopping mall and facilities: in- store, cinemas, area eateries, information during the grand opening in January 2016.

• Half page magazine reviews in Nairobi's Healthy lifestyle magazines that advertise the presence of the outlet.

Website Marketing Strategy

We will leverage the visibility of our shopping mall's website by getting them to include a link to ours. We will also post banners on an official Kenya tourism website.

 Development Requirements

To adequately serve our audience, the front end strategy of our website should be parallel with our corporate color. The front end design of our website will be entirely trusted to Mark Mwandoro.

The diversity of founders' background in our company has enabled a cost efficient development in our venture. As Empire company are experts in Information Technology, the back end of our website will be developed by these company.

* 1. **PRICING STRATEGY**

Our pricing strategy is positioned as "generic", meaning that Kshs. 400 is the average consumer spending for a light meal in Kenya. Leveraging the volume of fish, soft drinks and juice and signature style smoked fish served in cheese and ugali made from sorghum to be sold, we are serving the majority of Kenyans.

* 1. **SALES TACTICS**

 Sales Strategy

The sales strategy is to build and open new locations in order to increase revenue. However, this plan will be implemented when the one "market tester" outlet shows potential growth. As each individual location will continue to build its local customer base over the first three years of operation, the goal of each store is Kshs 2,000,000 in annual sales, with the original flagship store expected to earn almost Kshs. 4,000,000 per year.

 Sales Forecast

We anticipate the highest peak on the months of November and December in our sales forecast, due to the holiday seasons. In November, most of the schools are closed and as such the number of family outings will increase. December is the festive season for people to buy, eat and make merry. we anticipate more tourists coming into Kenya; this explains the jumped of sales in these last two months of the year.

Table: Sales Forecast

|  |  |  |  |
| --- | --- | --- | --- |
| Sales Forecast |  |  |  |
|  | Year 1 | Year 2 | Year 3 |
| Unit Sales |  |  |  |
| Smoked Fish and other fish varieties | 30,464 | 60,928 | 180,856 |
| Juice from local fruits | 15,692 | 30,384 | 45,768 |
| Signature Packaged Cheese | 1,356 | 2,712 | 6,425 |
| Total Unit Sales | 47,512 | 94,024 | 233,049 |
|  |  |  |  |
| Unit Prices | Year 1 | Year 2 | Year 3 |
| Smoked Fish | Kshs.400 | Kshs.420 | Kshs.450 |
| Juice from local fruits | Kshs.100 | Kshs.110 | Kshs.120 |
| Signature Packaged Cheese | Kshs.150 | Kshs.150 | Kshs.160 |
|  |  |  |  |
| Sales |  |  |  |
|  |  |  |  |
| Smoked Fish | 9,139,200 | 24,371,200 | 72,342,400 |
| Juice from local fruits | 1,569,200 | 3,038,400 | 4,576,800 |
| Signature Packaged Cheese | 203,400 | 298,320 | 1,028,000 |
| Total Sales | 10,911,800 | 27,692,920 | 77,947,200 |
|  |  |  |  |
| Direct Unit Costs | Year 1 | Year 2 | Year 3 |
| Smoked Fish | Kshs. 120 | Kshs. 150 | Kshs. 200 |
| Juice from local fruits | Kshs.50 | Kshs.60 | Kshs.70 |
| Signature Packaged Cheese | Kshs.80 | Kshs.90 | Kshs.100 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| Direct Cost of Sales |  |  |  |
|  |  |  |  |
| Juice from local fruits | 784,600 | 1,823,040 | 3,203,760 |
| Signature Packaged Cheese | 108,480 | 162,720 | 642,500 |
| Smoked Fish | 3,655,680 | 9,139,200 | 36,171,200 |
| Subtotal Direct Cost of Sales | 4,548,760 | 11,124,960 | 40,017,460 |

Project costs monthly

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Smoked Fish | SignaturePackaged Cheese | Juice from LocalFruits | Total |
| January | 100,000 | 1,148 | 10,400 |  |
| February | 150,000 | 2,000 | 15,000 |  |
| March | 200,000 | 3,000 | 25,080 |  |
| April | 250,000 | 4000 | 35,200 |  |
| May | 300,000 | 5,000 | 45,383 |  |
| June | 350,000 | 7,000 | 55,000 |  |
| July | 450,000 | 9,000 | 65,383 |  |
| August | 550,000 | 10,000 | 75,000 |  |
| September | 600,000 | 12,000 | 85,000 |  |
| October | 680,000 | 16,000 | 95,000 |  |
| November | 750,000 | 18,000 | 105,000 |  |
| December | 964,000 | 20,040 | 115,000 |  |
| Total | 3,655,680 | 108,480 | 784,600 |  |

Project sales monthly

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Smoked Fish | SignaturePackaged Cheese | Juice from LocalFruits | Total |
| January | 260,000 | 1,148 | 10,400 |  |
| February | 350,000 | 2,000 | 15,000 |  |
| March | 438,000 | 3,000 | 25,080 |  |
| April | 550,000 | 4000 | 35,200 |  |
| May | 662,300, | 5,000 | 45,383 |  |
| June | 761,600 | 7,000 | 55,000 |  |
| July | 850,000 | 9,000 | 65,383 |  |
| August | 950,000 | 10,000 | 75,000 |  |
| September | 1,000,000 | 12,000 | 85,000 |  |
| October | 1,120,000 | 16,000 | 95,000 |  |



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| November | 1,250,000 | 18,000 | 105,000 |  |
| December | 1,300,000 | 20,040 | 115,000 |  |
| Total | 9,139,200 | 203,400 | 1,569,200 |  |
|  |  |  |  |  |
|  |  |  |  |  |

Chart: Sales Monthly

Chart: Sales by Year















* 1. **DISTRIBUTION STRATEGY**
1. **ORGANIZATIONAL AND MANAGEMENT PLAN**
	1. **BUSINESS DIRECTORS AND QUALIFICATIONS**

The initial management team depends on the founders themselves, with little back-up. As we grow, we will take on additional help in certain key areas. Part of our basic philosophy will be able to run our executive management as a "knowledge sharing" fellowship. We will not add additional overhead until absolutely necessary. This will mean that the initial staff support team will have to work extra. By doing this, we will keep our overhead as low as possible, allowing us to adequately staff our outlets. This will also allow us and future business partners to recoup investments as quickly as possible and enjoy a higher return.

At present time, Horizon café is being owned by its 4 founders. Others that have helped on the development of this business venture will be offered an opportunity to grow together with the company at the appropriate time, and when the time comes, the 4 founders’ share will be consolidated as one entity.

Richard Gichuki and Joan Wangui have more than 10 years of experience in the food industry. Both are currently employed as Marine national park and lodge in Mombasa and Hotel Intercontinental in Nairobi respectively.

Joan holds an MSC. in Entrepreneurship MBA degree from Jomo Kenyatta University of Agriculture and Technology. A true entrepreneur by heart, her latest entrepreneurial project is a consultancy in management of business for SMEs a contract she worn from the Government of Kenya.

Allan Martin holds a Masters degree in Tourism and Hospitality from University of Nairobi. He further holds a BSc degree from Jomo Kenyatta University of Agriculture and Technology, majoring in Management and Information Technology. He has held several management positions in a Kenyan Based major IT company.

Mark Mwandoro holds a Masters degree in Intellectual Property with ten years’ experience in Brand Management. His projects are widely varied from product design to brand development of several reputable companies.

Richard Gichuki holds two Masters degree one in Entrepreneurship from Cambridge University and a Masters degree in Food Technology from Manchester University. He completed several projects and served as project manager for multi-national companies in Kenya

* 1. **PERSONNEL**

Our initial employees will include two cashiers, two cooks and two bus boys per location, with one of each on the premises during open hours. This is considered an ideal personnel number for a food outlet the size of our own. Each employee will work for 38-40 hours per week.

In the long run, as we expand our product category and retail outlets, we will employ more people in the middle management to ensure the focus of our work, including site managers.

* 1. **RECRUITMENT, TRAINING AND PROMOTION**
	2. **REMUNERATION AND INCENTIVES**

Table: Personnel remuneration plan

|  |  |  |  |
| --- | --- | --- | --- |
| Personnel Remuneration Plan |  |  |  |
|  | Year 1 | Year 2 | Year 3 |
| Site Managers | $0 | $60,000 | $96,000 |
| Cashiers | $36,000 | $80,000 | $144,400 |
| Cook | $28,800 | $66,000 | $115,200 |
| Busboy | $23,400 | $56,000 | $94,000 |
| Total People | 12 | 26 | 40 |
|  |  |  |  |
| Total Payroll | $88,200 | $262,000 | $449,600 |

* 1. **LICENSES PERMITS AND BY-LAWS**
	2. **OTHER SUPPORT SERVICES**
1. **OPERATIONAL PLAN**
	1. **PRODUCTION DESIGN AND DEVELOPMENT**
	2. **PRODUCTION FACILITY AND CAPACITY**

The space selection will be chosen based upon the following criteria:

• Community size: minimum of 300,000 people within a radius of one (1) kilometres.

• Easy access.

• Large human traffic

• Large percentage of working group and business persons in the community.

* 1. **PRODUCTION STRATEGY**

***CONFIDENTIAL***

* 1. **PRODUCTION PROCESS**

***CONFIDENTIAL***

1. **FINANCIAL PLAN**
	1. **FINANCIAL ASSUMPTIONS**

The current financial assumptions made with Horizon include

* **Sources of revenue –**
* **Sales projections –**
* **Basis of all variable costs –**
* **Basis of all fixed costs –**
* **Investment requirements –**
* **Sources of investments –**
* **Fixed, one-time start-up costs –**
* **Costs of office space and related services –**
* **Costs of professional services -**
	1. **PRE-OPERATIONAL COST**

Table 1: Start-up

|  |  |  |
| --- | --- | --- |
| SNO. | START UP | AMOUNT(KSHS) |
|  | Requirements |  |
|  | (1) Start -up Expenses |  |
|  | Kitchen and Fixtures | 150,000 |
|  | Furniture and Interior | 200,000 |
|  | Legal | 100,000 |
|  | Rent for one year (to be paid upfront) | 600,000 |
|  | Packaging and Stationary | 200,000 |
|  | Contingencies | 200,000 |
|  |  |  |
|  | Sub-Total Start-up Expenses | 1,450,000 |
|  |  |  |
|  | (2) Start -up Assets |  |
|  | Cash Required | 400,000 |
|  | Other Current Assets | 0 |
|  | Long-term Assets | 0 |
|  | Total Assets | 400,000 |
|  |  |  |
|  | Grand- Total Requirements | 1,850,000 |

Chart: Start-up

Horizon café Start-up

3,000,000

2,500,000

Amount in 2,000,000

Assets

Kenya

Shillings

1,500,000

1,000,000

500,000

0

1

Capital Investment

Investment Loans Expenses

* 1. **WORKING CAPITAL**

Currently, the company is owned by the original 4 founders, who each will contribute $200,000 for the same amount of share, 25%. This will more than cover start-up requirements, and provide the business with a cash cushion to use for expansion over the first three years.

Table: Start-up Funding

|  |  |
| --- | --- |
| Start-up Funding |  |
| Start-up Expenses to Fund | $68,800 |
| Start-up Assets to Fund | $50,000 |
| Total Funding Required | $118,800 |
|  |  |
| Assets |  |
| Non-cash Assets from Start-up | $0 |
| Cash Requirements from Start-up | $50,000 |
| Additional Cash Raised | $681,200 |
| Cash Balance on Starting Date | $731,200 |
| Total Assets | $731,200 |
|  |  |
|  |  |
| Liabilities and Capital |  |
|  |  |
| Liabilities |  |
| Current Borrowing | $0 |
| Long-term Liabilities | $0 |
| Accounts Payable (Outstanding Bills) | $0 |
| Other Current Liabilities (interest-free) | $0 |
| Total Liabilities | $0 |
|  |  |
| Capital |  |
|  |  |
| Planned Investment |  |
| Empire Co. | $200,000 |
| Empire Co. | $200,000 |
| David Lu | $200,000 |
| Sagita Suwandi | $200,000 |
| Additional Investment Requirement | $0 |
| Total Planned Investment | $800,000 |
|  |  |
| Loss at Start-up (Start-up Expenses) | ($68,800) |
| Total Capital | $731,200 |
|  |  |
|  |  |
| Total Capital and Liabilities | $731,200 |
|  |  |

Total Funding $800,000

* 1. **PROJECTED MONTHLY CASHFLOW STATEMENT**

The following chart and table show the Projected Cash Flow for Shop ‘N’ Eat.

Chart: Cash

Table: Cash Flow

|  |  |
| --- | --- |
| Pro Forma Cash Flow |  |
| Cash ReceivedCash from OperationsCash SalesSubtotal Cash from OperationsAdditional Cash ReceivedSales Tax, VAT, HST/GST ReceivedNew Current BorrowingNew Other Liabilities (interest-free) New Long-term LiabilitiesSales of Other Current AssetsSales of Long-term Assets New Investment Received Subtotal Cash ReceivedExpendituresExpenditures from OperationsCash SpendingBill PaymentsSubtotal Spent on OperationsAdditional Cash SpentSales Tax, VAT, HST/GST Paid Out Principal Repayment of Current Borrowing Other Liabilities Principal RepaymentLong-term Liabilities Principal RepaymentPurchase Other Current Assets Purchase Long-term Assets DividendsSubtotal Cash SpentNet Cash Flow | Year 1 Year 2 Year 3$279,163 $558,327 $1,116,654$279,163 $558,327 $1,116,654$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$279,163 $558,327 $1,116,654Year 1 Year 2 Year 3$88,200 $262,000 $449,600$244,265 $430,245 $599,286$332,465 $692,245 $1,048,886$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$0 $0 $0$332,465 $692,245 $1,048,886($53,301) ($133,918) $67,767 |
| Cash Balance | $677,899 $543,981 $611,748 |

* 1. **PROJECTED INCOME STATEMENT**

As the Profit and Loss shows, Horizon café will run at a loss for the first two years, using up some of the cash reserves initially invested by the founders. As sales increase, we 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 Tom Mboya Street, while maintaining our flagship operation, the first store, in a prime spot.

Chart: Profit Monthly

Chart: Profit Yearly

Chart: Gross Margin Monthly



Chart: Gross Margin Yearly



Table: Profit and Loss

Pro Forma Profit and Loss

Year 1 Year 2 Year 3

Sales $279,163 $558,327 $1,116,654

Direct Cost of Sales $61,957 $123,914 $247,827

Other Costs of Sales $0 $0 $0

Total Cost of Sales $61,957 $123,914 $247,827

Gross Margin $217,207 $434,413 $868,826

Gross Margin % 77.81% 77.81% 77.81%

|  |  |  |  |
| --- | --- | --- | --- |
| ExpensesPayroll | $88,200 | $262,000 | $449,600 |
| Marketing/Promotion | $10,000 | $10,000 | $10,000 |
| Depreciation | $0 | $0 | $0 |
| Rent | $174,000 | $248,000 | $298,000 |
| Utilities | $2,550 | $5,000 | $8,000 |
| New location setup | $25,000 | $50,000 | $50,000 |
| Total Operating Expenses | $299,750 | $575,000 | $815,600 |

Month 1

Month 2

Month 3

Month 4

Month 5

Month 6

Month 7

Month 8

Month 9

Month 10

Month 11

Month 12

|  |  |  |  |
| --- | --- | --- | --- |
| Profit Before Interest and Taxes | ($82,543) | ($140,587) | $53,226 |
| EBITDA | ($82,543) | ($140,587) | $53,226 |
| Interest Expense | $0 | $0 | $0 |
| Taxes Incurred | $0 | $0 | $0 |

|  |  |  |  |
| --- | --- | --- | --- |
| Net Profit | ($82,543) | ($140,587) | $53,226 |
| Net Profit/Sales | -29.57% | -25.18% | 4.77% |

* 1. **PROJECTED BALANCE SHEET**

Horizon’s projected company balance sheet follows. We expect to run at a loss for the first two years, decreasing our net worth slightly. As the operation becomes more profitable in the third year, our net worth rises again.

Table: Balance Sheet

|  |  |
| --- | --- |
| Pro Forma Balance Sheet |  |
| AssetsCurrent AssetsCashOther Current AssetsTotal Current AssetsLong-term Assets Long-term Assets Accumulated Depreciation Total Long-term Assets Total AssetsLiabilities and CapitalCurrent Liabilities Accounts Payable Current BorrowingOther Current LiabilitiesSubtotal Current LiabilitiesLong-term LiabilitiesTotal LiabilitiesPaid-in Capital Retained Earnings EarningsTotal CapitalTotal Liabilities and Capital | Year 1 Year 2 Year 3$677,899 $543,981 $611,748$0 $0 $0$677,899 $543,981 $611,748$0 $0 $0$0 $0 $0$0 $0 $0$677,899 $543,981 $611,748Year 1 Year 2 Year 3$29,242 $35,911 $50,452$0 $0 $0$0 $0 $0$29,242 $35,911 $50,452$0 $0 $0$29,242 $35,911 $50,452$800,000 $800,000 $800,000 ($68,800) ($151,343) ($291,930) ($82,543) ($140,587) $53,226$648,657 $508,070 $561,296$677,899 $543,981 $611,748 |
| Net Worth | $648,657 $508,070 $561,296 |

* 1. **BREAK-EVEN ANALYSIS**

Our break-even analysis shows that we need unit sales over 9,700 per month to break even. We do not expect to begin turning a profit until year three.

Chart: Break-even Analysis



Table: Break-even Analysis

|  |  |
| --- | --- |
| Break-even Analysis |  |
| Monthly Units Break-evenMonthly Revenue Break-evenAssumptions:Average Per-Unit RevenueAverage Per-Unit Variable Cost | 9,706$32,104$3.31$0.73 |
| Estimated Monthly Fixed Cost | $24,979 |