

MGMT 200 F 12
Business Plan Rubric
 Daniel Kvist

A5 S1: 5
 A5 S2: 4

General Comments:
 Very well done.

	Maximum	Draft	Grade	Comments
	pts.			
7 to 10 Pages, double spaced		12		
Table of Contents	2	2		
Proper Business Plan Outline	5	5		
Executive Summary	5	4		Needs financials
1 Business Description	5	5		
2 Market Analysis	5	5		
3 Product/Service Analysis	5	5		
4 Competition	5	5		
5 Marketing Strategy	5	5		
6 Operations	5	5		
7 Management	10	10		
8 Finances	5	5		
9 Supporting Information	5			
Business Plan total	62	56	0	
Business vocabulary	5	4		
Management Theories	5	2		
Comprehensive Research	10	10		
Consistency and details	13	13		
Appearance	5	5		
Grand Total	100	90	0	

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Business Plan (Final)

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Sent: Saturday, November 24, 2012 11:44 PM

To: Arthur Nehr

Attachments: DJ's Favorite Juices (BP).docx (150 KB) [Open as Web Page]; ATT00001...htm (280 B); Charts (DJ's BP).xlsx (56 KB) [Open as Web Page]; ATT00002...htm (1 KB)

Hi prof. Nehr,

I hope you had a nice holiday!

I hereby attach my business plan (assignment A5). You do not need to read every single page again; I added MBO in section 8 (Management), financials in section 1 (executive summary), and section 10 (supporting information).

I also added the charts in case you need to look at them again.

Connected to Microsoft Exchange



FAVORITE JUICES

BUSINESS PLAN

By Daniel Kvist

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1. SUMMARY

DJ's Favorite Juices (DJ's) seek to open its first healthy fast food and juice bar located in the main bazaar, Alanya, Turkey. DJ's will offer locals and tourists a new relaxing style of healthy fast food in a comfortable and relaxing environment.

No other fast food place in the area will provide the range of smoothies, juices, sandwiches and coffee that DJ's does.

DJ's will be located in the main bazaar of Alanya in the heart of the shopping and entertainment district. It will be close to the beach and the beautiful promenade. DJ's preferred location is strategically placed in a high volume area, with revenues and profits to match eight (8) months out of the year.

DJ's will offer a higher quality in service and product compared to its competitors with freshly prepared sandwiches, juices and smoothies. DJ's offers a delicious selection of juices, smoothies, sandwiches, and coffee that changes with the seasons.

The DJ's staff members who prepare the juices, smoothies, sandwiches, and coffee are highly trained and experienced and will be schooled before starting at DJ's. They know how to prepare a delicious and healthy juice/smoothie. We use the highest quality equipment and ingredients to deliver an excellent product.

DJ's is a private limited company with two owners, who is also the investors, Daniel Kvist and Julie Grant.

2. BUSINESS DESCRIPTION

DJ's is a partnership that is set up to sell healthy fast-food including juices/smoothies, sandwiches, and coffee. It will be located in Turkey, Alanya and will sell directly from the store location to customers throughout the main bazaar and Alanya. DJ's is a new healthy food and drink-concept in the Antalya region and is seeking to open its first store to serve locals but most importantly the tourists who want a healthy alternative choice to fast food.

3. MARKET ANALYSIS

3.1 Industry Description

The focus on health and eating right is greater than ever. It is a trend that has developed over the past ten (10) years and is still growing. Eating right and not turning to an unhealthy snack during the day, is rapidly being replaced by healthier choices. In today's fast-paced society, it seems that many of us measure our meals by minutes rather than what is good for us. If it isn't fast, it doesn't fit into our schedule and we don't want it. We turn to food we know is bad for us in an effort to save time, and in some cases we will skip eating altogether. Eating healthy, and eating fast, do not have to be mutually exclusive.

The Alanya region has around 260,000 inhabitants where close to 150,000 of them lives in the city. The number gets bigger during the spring/summer months because of tourism. Nearly 1,2 million tourist visit Alanya every year.

DJ's target groups are divided into two categories: Men and women. The major customer groups are single women and men with a high school degree or higher between the ages of 20 – 35.

1) Typical Customer

Gender: Man

Age: 20 - 35

Education: High school or higher

Work: Secondary

Marital status: Single

Income: Median

Lifestyle: Healthy

2) Typical Customer

Gender: Woman

Age: 20 – 35

Education: High school or higher

Work: Secondary

Marital status: Single

Income: Median

Lifestyle: Healthy

3.2 Target Characteristics

People are getting more concerned about what they eat and drink, every calorie counts. People in our target group are relatively more aware of what they eat and drink and tend to spend more on health compared to people who are out of, under, or above the age group. The customers are locals and tourists; and our product line appeals to everyone within the target group regardless nationality. DJ's' focuses on the young independent individuals who are able and willing to spend the same amount as one would on fast food.

When people go on a vacation they "allow" themselves to go to McDonalds, Burger King, bars, nightclubs, etc., but after a while the body is craving for something to make it function properly.

After a hard workout, a long day at the beach, a stressful day at work, a rough night out, or after a profitable shopping spree, what is more relaxing than getting the energy restored with a refreshing smoothie combined with a light sandwich?

Since Alanya is a place where business and pleasure is combined we believe that DJ's will meet the

needs of our future costumers and regardless of nationality our products will suit everyone. The customers are locals and tourists walking in the city or around the bazaar area.

The business will be more profitable during spring, summer, and holidays because that is where the tourists are visiting. Fall and winter, approximately from mid September to mid March, is low season; the profit will not be expected to be as high during those months. We expect to close the store four (4) months out of the year from the beginning of Nov. to the end of Feb. due to the low season; there will be no profit during those months. DJ's will be busiest from beginning April to the end of September.

3.3 Market Size

Approximately 260,000 people live in or around Alanya on a yearly basis. Every year about 1,2 million people visit the city.

A total number of 225.000 single men (19%) and 275.000 single women (23%) in the age group from 20-35 are traveling to Alanya, which is 500.000 out of 1.2 million people on a yearly basis.

35,000 single men (13%) and 30,000 single women (12%) in the age group from 20-35 are permanently living in Alanya, which is a total of 65,000. On a yearly basis these numbers round up to be 565,000 potential customers.

The tourist industry is worth close to €1,1 billion (\$1,43 billion) per year. Food in general brings in a net profit of €478 million (\$621,5 million) on an annual basis. Fast food is the 3rd largest contributor to the food revenue with tourists spending around €89 million (\$115,7 million) on fast food in the Alanya region each year. It is estimated that locals, on an annual basis, spend around €630,000 (\$819,000) on food. Close to €215,000 (\$279,000) are spend on fast food. Combined, the two numbers by respectively tourists and locals makes it nearly \$116 million spend on fast food each year. The annual fast food

percentage of the Alanya region is 18,7% (\$116 mill./\$621,5 mill.).

From 2008 to 2010 the food industry had a down period due to a decrease in tourism. Because of the financial crises, people weren't traveling as much as in the previous years; and since the tourist industry was/is the biggest industry in Alanya, the farmers, restaurants, and supermarkets faced a rough time; several businesses went bankruptcy and had to close.

The tourist industry is slowly increasing but people are not spending as much as they used to do before the crises, however, it is estimated that the fast food industry in Alanya will increase by 2,5% every year the next three (3) years. The fast food prices are low and instead of spending twice or three times the amount on a restaurant, the tourist and locals go to McDonalds, Burger King, or a local Kebab house.

3.4 Market Share

In order to know the market share we need to determine the total sales of DJ's products for the first year in business, which is listed in the charts 1.1 – 1.3.

The first chart (1.1) is a determination of the products selling price. The second chart (1.2) shows the expected unit sales for the first year of the business with an estimated monthly unit usage. The third chart (1.3) is an estimated sales revenue based upon the numbers stated in chart 1.1 and 1.2.

DJ's expect to gain a market share percentage of $(\$136,855/\$116,000,000*100)$ **0.12%** the first year. We expect to have increased our market share to **1%** by the end of year three (3). With increased focus on health, eating right, the need for fast food, and the right advertising DJ's will be the customer's daily provider of fresh healthy choices.

We expect to have a daily customer flow of 63 the first year, 22,995 customers in total. The \$136,855 divided by days in a year (365) makes it \$375 earned in one day. If each customer spends an average of

\$6, the total customer flow is 63. We are closed four (4) months out of the year but the spring/summer seasons are the busiest with the highest number of tourists; the number of daily customers is therefore expected to be higher in those months.

3.5 Price Level

Shown in chart 1.4 is the estimated cost of each product. We expect to hire two (2) employees; including the two owners the number is four (4). The employees will be paid \$1,200 a month. Production costs are shown in chart 1.5. The total annual operation expense is calculated the following way:

- Salaries and wages – $(\$1,200 * 2 * 8) = \underline{\$19,200}$
- Product cost's = \$36,977.5
- Overhead: (Rent, advertising & promotion, insurance) - \$35,000
- The annual profit will be divided between the two owners after loan and taxes have been paid

In the first year, the product, overhead and salaries expense is an estimated: \$91,177.5. The difference between the estimated revenue and expense is \$44,822.5. The profit will be earned from the following prices:

- | | |
|----------------------------------|-------------------------------------|
| • Small Juice/Smoothie - \$2.75 | • Regular large Coffee - \$2.45 |
| • Large Juice/Smoothie - \$3.75 | • Small Latte/Cappuccino - \$3.85 |
| • Sandwiches (one size) - \$4.75 | • Large Latte/Cappuccino - \$4.45 |
| • Regular small Coffee - \$1.85 | • Cut-to-go fruit one size - \$1.75 |

The start-up promotion will be free samples of our selection of juices, smoothies, and sandwiches on sticks to create an attention to our business. We will offer a free member's card for the customers to get a free drink after ten (10) purchases. On your birthday you receive a complementary drink on the house if

you sign up as a member. If you carry out for more than ten (10) people we give a 10% discount on the entire bill.

In chart 1.6, the expected gross margin level is shown for the first three (3) years. The company is expected to grow sales revenue from \$137,000 in 2013 to \$190,000 in year three. As DJ's will strive to maintain a minimum gross profit margin of 36% and reasonable operating expenses, it will see net profits grow from \$49,000 to \$68,400 during the same period.

3.6 Competitive Analysis

DJ's has three (3) major competitors. The first one is McDonalds:

Strengths • Large market share • Loyal customers • Ability to change product line	Weaknesses • Lack of healthy food • Has no smoothies or juices • Bad experience with healthy product line
--	--

The second major competitor is Burger King:

Strengths • Large market share • Loyal customers • Ability to change product line	Weaknesses • Lack of healthy food • Has no smoothies or juices • Bad experience with healthy product line
--	--

The third competitor is Mado:

Strengths • Good location • Already has smoothies and juices • Well-known place	Weaknesses • Little or no advertising • Little market share • Small juice and smoothie selection
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Market share means a lot to DJ's' competitors. They all have the advantage of several years of operation in the city. Especially McDonalds and Burger King are world known brands, each with a big piece of market share in Alanya. Mado already has juice and smoothies in their product line but it's made out of long-life fruit with artificial sweetener. DJ's will use real fruit and vegetables to make the perfect juice and smoothie. McDonalds and Burger King are large corporations that easily can adjust and change their

product line to get new potential customers. McDonalds and Burger King, however, are not interested in becoming completely healthy and that's where DJ's will enter the market. DJ's has the opportunity to fulfill the needs of those customers who want to drink and eat in a cool healthy way.

4. PRODUCT ANALYSIS

DJ's has a wide variety of healthy fast food choices. The product line consists of freshly made sandwiches made with coarse bread, freshly cut to-go fruit, juices, smoothies, and coffee (latté, cappuccino, ice coffee, and regular coffee).

The reason why locals and tourists choose a drink or a sandwich at DJ's rather than from a fast-food place is because there are no such other healthy opportunities around the city and it tastes delicious. A lot of the locals do sell freshly squeezed orange juice but DJ's will take it a step further providing and combining everything that is required for a healthy meal or snack. The need and demand for healthy food is increasing and DJ's will be there to meet such demands. We will match the current fast food prizes; it will therefore not be more expensive but slightly cheaper.

5. COMPETITION

In the same area are: McDonalds, Burger King, and Mado. McDonalds has three (3) stores located within walking distance from one another. This gives them an advantage because they are visual to the public. Everyone knows who McDonalds is, it is a world know brand with a wide target market with hundreds of loyal customers every day in Alanya. Burger King has one (1) store located a few hundred yards from DJ's Favorite Juices preferred location and is a well-know brand around the world with a wide target market and loyal customers. Customers know what they get when they go to McDonalds or Burger King, they don't know what to expect with DJ's Favorite Juices. Mado is a local store selling a

small variety of smoothies but is mostly know for the homemade ice cream and their cakes. They are located on the main road a mile from where DJ's will be operating. We have to make sure that the smoothies are bought at DJ's. The company is new and therefore unknown, most people turn to what they already know. The company's strength lies in the unknown – it creates a curiosity within customers. Our job is to provide a good service so the customers return. The weakness is also that we are an unknown company.

6. MARKETING STRATEGY

DJ's will be widely spread over the main bazaar area and Alanya through different promotions. We will have posters at bus stops and a promotion video on the busses. We will create a Facebook page for people to follow with a monthly competition and make brochures to hand out to people walking by the store and around the bazaar. This will promote the sale and let potential customers know that DJ's is out there and ready to serve healthy beverages and food. In order to build up its client base, DJ's will use banners and fliers and cross-promotions with other businesses in the Alanya area.

DJ's marketing strategy will focus on getting new customers, getting customers to spend more, and come back more often. Having a loyal customer base is the most important for DJ's since such customer core will not only generate most of the sales but they will also recommend DJ's to others.

DJ's will position itself as unique healthy fast food place where its customers can not only enjoy a freshly squeezed juice/smoothie and sandwich but also spend their time in a relaxing environment. Comfortable sofas and chairs, dimmed light and quiet relaxing music will help the customers to relax from the daily stresses and will differentiate DJ's from its competitors.

7. OPERATIONS

The location of DJ's will be in the main bazaar on the main street, in the city of Alanya. The company needs 807sq. ft. to have a large enough dining and working space. We will need a cold-storage plant as a storeroom that can keep our fruit, vegetables, sandwich filling, and milk fresh. We need a small amount of space to store wrapping and packaging.

The fruit for our juices and smoothies will come from local farmers and be made based on the fruits and vegetables that are available for the season. 3-5 fruits are used to make one juice or smoothie mixed with milk, non-fat milk or soymilk (depending on the customer's choice) or apple-/orange juice. The sandwich filling and coffee beans will be bought from the local market located in Alanya; the market delivers raw materials throughout the city.

In the shop, we will have a long one-unit working station with refrigerated room divider for fruit/vegetables and sandwich filing. The working station is divided into three sections. First section is where the customer decides what beverage is desired; espresso machine and liquidizer are available to prepare the beverages. Second section is where sandwiches are made and the third section is where the customer pays. An employee, that assures a perfect service and product handling, operates each section, which means that a minimum of three employees will be working on each shift.

8. MANAGEMENT

DJ's is private limited company owned by Daniel Kvist (50%) and Julie Grant (50%). Mr. Kvist holds a Bachelor's Degree in Business Administration and Management from the New York Institute of Technology, U.S. He has worked for 4 years as a manager at a McDonalds. Previously, he worked as a travel manager operating around Europe and the Middle East. Ms. Grant has a Bachelor's Degree in

Business Economics and Philosophy from the Copenhagen Business School, Denmark. Like Mr. Kvist, Ms. Grant has worked as a travel manager for 5 years, operating in Europe and Asia. Mr. Kvist and Ms. Julie worked close together with the main office in Denmark and increased the sales by 25% within their time of employment.

The investors (Mr. Kvist and Ms. Grant) will be involved into the daily management decisions at DJ's. Their salary will be the profit when all expenses have been paid. To begin with, the investors will be working along with 2 other full-time employees with Turkish origins (paid \$9,600/yr. each) to handle everything from juice/smoothies and sandwich preparations to daily to-do cleaning. In the second and third year of operation one or two part/full-time employees will be hired to handle the increased sales volume.

9. FINANCES

DJ's is a non-existent company, with an owner's capital of \$50,000; seeking a one time loan to get started. We have attached an establishment budget in chart 1.7. The chart shows an estimated start-up cost of \$142,900. With a loan of $(\$142,900 - \$50,000) = \$92,900$, we will have enough funds to be in business for the first year with prepaid rent and supplies. The inventory has been paid and the revenue earned in operation months will be used to pay off loans and wages to owners. The annual loan interest rate is 12%. We will be able to pay off \$15,000 on the loan every year. In chart 1.8 we have calculated how many years it will take us to pay off the entire loan with a minimum annual installment of \$15,000. It will take us twelve (12) years.