BHARATH INSTITUTE OF CATERING TECHNOLOGY &

HOTEL MANAGEMENT

THANJAVUR



A STUDY ON ESTABLISING A BAKERY UNIT

FACULTY GUIDE H.O.D PRINCIPAL

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# Abbreviations

AC( Air Conditioner)

CAGR( Compound Annual Growth Rate)

CU( Capacity Utilization)

DCCB (District Central Cooperative Bank)

DSCR( Debt-Service Coverage Ratio)

FSSAI( Food Safety and Standards Authority of India)

GoI( Government of India)

GST (Goods and Service Tax)

HTCL( Haryana Tourism Corporation Limited)

IBRTC( International Bakery Research & Training Centre)

IRR( Internal Rate of Return)

ISO( International Organization for Standardization)

MoFPI( Ministry of Food Processing Industries)

NCDC( National cooperative Development Corporation)

NCR( National Capital Region)

NIFTEM( National Institute of Food Technology Entrepreneurship and

Management)

PACS (Primary Agriculture Cooperative Societies)

RO( Reverse Osmosi)

# Introduction

Bakery products, due to high nutrient value and affordability, are an item of huge

consumption. Due to the rapid population rise, the rising foreign influence, the emergence

of a female working population and the fluctuating eating habits of people, they have

gained popularity among people, contributing significantly to the growth trajectory of the

bakery industry. A number of healthy products have been launched in the bakery segment and are gaining popularity at a high rate.

The Indian bakery industry is one of the biggest sections in the country’s

processed food industry. Bakery products, which include bread and biscuits, form the

major baked foods accounting for over 82 per cent of the total bakery products produced

in the country. It enjoys a comparative advantage in manufacturing, with an abundant

supply of primary ingredients required by the industry, and is the third-largest biscuit

manufacturing country (after the United States and China). The bakery segment in India

can be classified into the three broad segments of bread, biscuits and cakes. India’s

organised bakery sector produces about 1.3 millions tone of bakery products out of 3

million tonnes while the balance is produced by unorganised, small-scale local manufacturers.

Despite the fact that there are many automatic and semiautomatic bread and

biscuit manufacturing units in India, many people still prefer fresh bread and other

products from the local bakery. The popular biscuit variants India are glucose biscuits,

Marie, cream biscuits, crackers, digestive biscuits, cookies and milk biscuits.

As far as the Indian biscuit market is concerned, the shares of the branded and

organised sector and the unbranded and unorganised sectors are 60 per cent and 40 per

cent respectively. Indian bakery products, especially biscuits, are in great demand in developing countries.

Baked goods are expected to grow by constant value at a compound annual growth

rate (CAGR) of two per cent over the forecast period. The bakery industry in India has

witnessed an annual growth rate of more than 15 per cent during the past years.

As the business and the industry thrives, the challenges accruing out of it are also growing expediently.

Like many industries, retail bakeries see rising costs in fuel, healthcare and other expenditures cut into their bottom

# Project Details

Assumptions

1. The Project Profile has been prepared on the basis of Single Shift of 8 hours a day and 300 working days in a year at 80% efficiency.
2. It is presumed that in the first year, the capacity utilization

(CU) will be

70% followed by 75%, 80%, 85% and 90% onwards in the subsequent years.

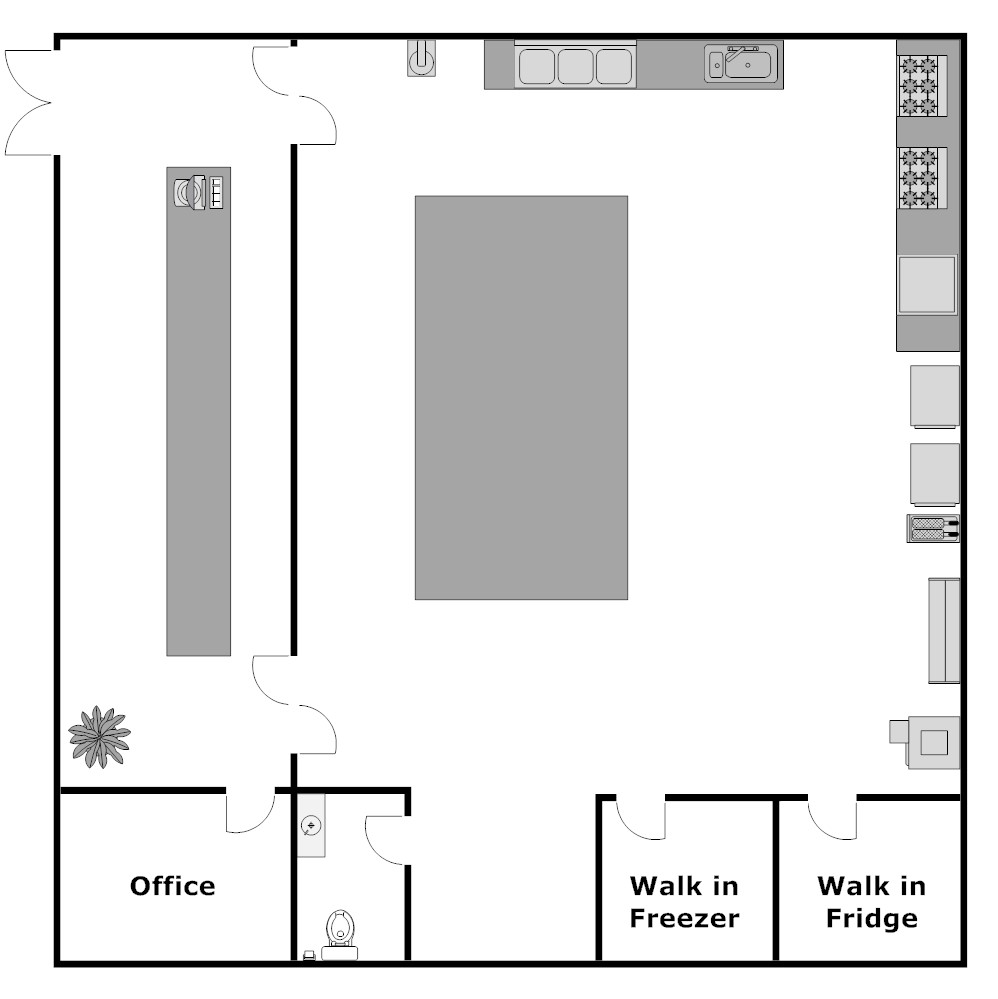
1. Raw material consumption is 80% for first year then 90% and after that

100% in subsequent years.

1. For Calculation purpose CU is adjusted in hike of raw material cost too.
2. The selling price of the products is kept fixed for calculation purpose.
3. The rate of salaries and wages for skilled workers and others are on the basis of the minimum rates in the State of Haryana.
4. The PACS have Land and Building and have sufficient amount of primary raw material i.e. Wheat.
5. The flour machine and RO water plant is already installed in the PACS.
6. The payback period may be 5-years after the initial gestation period.
7. The gestation period in implementation of the project may be to the tune of

6 to 9 months which includes making all arrangements.

# BAKERY LAYOUT





# Bakery amenities

* Bakery oven
* Oven ,toaster , grill
* Planetary mixer
* Spiral mixer
* Dough sheeter
* Bakery refrigerator
* Dough divider
* Rotary oven
* Food processor
* Bakers rack
* Hand mixer
* Baking pan
* Storage bins
* Proof box
* Work table
* Display case
* Measuring cups
* Baking tray
* Icing&decorating tools
* Spoons
* Cooling conveyers
* Sugar grinders
* Heavy scales
* Whiskes(automactic)

# BAKING PROCESS FLOW CHART

PRE MIXING

MIXING

DIVIDING

DOUGH MOULDING

FERMENTATION NON FERMENTATION

PROOFING BAKING

BAKING

COOLING

PACKING

## BAKING PROCESS

**Premixing:**

Something that is mixed or blended from two or more ingredients or elements before being marketed, used, or mixed further: a premix of the dry ingredients in cake batter; a premix of a multitrack recording. tr.v. pre·mixed, pre·mix·ing, pre·mix·es. To mix or blend beforehand **Mixing:**

Mixing is a general term that includes stirring, beating, blending, binding, creaming, whipping and folding. In mixing, two or more ingredients are evenly dispersed in one another until they become one product. Each mixing method gives a different texture and character to the baked good **Dough Dividing:**

After mixing, dough dividing is the next step in a bread production plant. Dough dividing implies the transformation/portioning of bulk or large masses of dough into countable or single pieces of dough that can be better handled and/or manipulated throughout the production line.

Dough dividing is also the first step in the make-up stage.

**Dough Moulding:**

Dough moulding is the final step of the makeup stage in highspeed production of pan or loaf-type bread. It is a continuous mode operation, always receiving dough pieces from the intermediate proofer and placing them into pans.

### Fermentation

During fermentation, carbon dioxide is produced and trapped as tiny pockets of air within the dough. This causes it to rise. During baking the carbon dioxide expands and causes the bread to rise further. The alcohol produced during fermentation evaporates during the bread baking process

### Proofing

In cooking, proofing (also called proving) is a step in the preparation of yeast bread and other baked goods where the dough is allowed to rest and rise a final time before baking. During this rest period, yeast ferments the dough and produces gases, thereby leavening the dough.

**Baking:**

Baking is a method of preparing food that uses dry heat, typically in an oven, but can also be done in hot ashes, or on hot stones. The most common baked item is bread but many other types of foods are baked.[1] Heat is gradually transferred "from the surface of cakes, cookies, and breads to their center. As heat travels through, it transforms batters and doughs into baked goods and more with a firm dry crust and a softer center".[2] Baking can be combined with grilling to produce a hybrid barbecue variant by using both methods simultaneously, or one after the other. Baking is related to barbecuing because the concept of the masonry oven is similar to that of a smoke pit

**COOLING:**

In bakeries bread is cooled quickly when it leaves the oven. The crust temperature is over 200°C and the internal temperature of the crumb about 98°C. The loaf is full of saturated steam which also must be given time to evaporate.

The whole loaf is cooled to about 35°C before slicing and wrapping can occur without damaging the loaf.

A moist substance like bread loses heat through evaporation of water from its surface. The rate of evaporation is affected by air temperature and the movement of cool air around the loaf.

In a bakery there are special cooling areas to ensure efficient cooling takes place before the bread is sliced and wrapped.

### PACKAGING OF BAKERY PRODUCTS

The bakery industry, production of which has been increasing steadily in the country, is the

largest among the processed food industries in India. The two major bakery industries,

viz. bread and biscuit account for about 82% of the total bakery products.

[**BAKERY BUSINESS: PROFITABLE SMALL SCALE MANUFACTURING**](https://promf.com/en/ideas-4-business/1439-bakery-business.html)

Bakery business in India is the largest industry in food processing sector.

Bakery products have become very popular throughout the country.

Bakery is one of the most profitable food processing business opportunity one can initiate by having owned or rented space.

Selecting the right product and proper marketing strategy are the major deciding factor in getting success in the bakery business.

According to the demand and financial aspect you will need to choose the specific products for your bakery business.

Bread and biscuits are the most common products but other items like cakes, pastries, cream-rolls, cookies etc. are also very popular in India. People almost prefer to have fresh products and this nature increased the popularity of bakery products.

## Bakery Business Market Opportunity

Though, there are sufficient automatic and semi-automatic bread as well as biscuit manufacturing units in India but there are still a number of people prefer fresh bread and other products from the local bakery.

Bakery products are an item of mass consumption in view of its low price and with rapid growth and changing eating habits of people, bakery products have gained popularity among masses.

The bakery industry has achieved the third position in generating revenue among the processed food sector.

The per capita consumption is very high in industrialized States like Maharashtra and West Bengal.

The Biscuits are becoming quite popular in rural areas as well. Nearly 55% of the biscuits are consumed by rural sector.

The market size for the industry is pegged at US$ 4.7 billion in 2010 and is expected to reach US$7.6 billion by 2015.

It also mentions that the shining star of the sector remains the biscuits industry, which is expected to outperform the growth of the sector overall.

Thus, opening a bakery business is considered as a promising and profitable business venture for new startup entrepreneurs.

## License Required To Open A Bakery Business

In starting a bakery business, you will need to register the business first with ROC (Register of Companies).

You have to apply for a Food Business Operating License from fssai (Food Safety & Standards Authority of India).

You would also require individual licenses from FSSAI for the delivery boy or delivery vehicle.

You will need to ensure the compliance of all the fire safety guidelines.

You may also register your bakery unit as SSI from local DIC office.

Obtain Vat Registration. You also need to have clearance from Pollution Control Board.

## Bakery Business Finance

In initiating a bakery business, you will need to arrange two types of capital.

One is fixed capital for setting up the unit and purchasing machinery.

Second one is working capital. Hire purchase leasing is available from banks for machinery purchase.

You can avail a cash credit or overdraft account to serve the requirement of working capital

## Bakery Business Unit Establishment

It is always recommended to have customized project re port in hand.

It will help you in arranging finance, preparing the unit, purchasing and installing the right machinery and in another operational aspect.

It is better to establish the unit in industrial are where you can arrange worker and transport facility.

Before installing the machinery, having a layout plan and implementation schedule are essential

### Bakery Business Quality Control

The PFA Act, 1954 is mandatory and BIS Specifications are optional for Wafer Biscuits.

The relevant Bureau of Indian Standards Specification for Wafers (second revision) (with Amendment No. 2) is IS:2397:1988.

The specification for Biscuits (third revision) (with

Amendment No. 1) is IS:1011:1992. The details of specifications can be obtained from the Bureau of Indian

Standards, Manak Bhavan, 9, Bahadur Shah Zafar Marg,

New Delhi-110 002

## Bakery Business Machinery

According to the desired product and production output, you can establish bakery unit by two ways. One is fully automatic setup and another one is semi-automatic setup. Generally for making biscuits, wafer, bread etc following machinery are required:

* Wafer biscuit making machine.
* Butter Mixing Machine
* Sugar grinding machine
* Planetary mixer machine
* Sealing machine
* Working table with S.S./Aluminium top
* Weighing Balance platform type
* Aluminium vessels, Mats, cups, Mugs, ladle, spoons, gloves, etc.

Apart from that we need water supply and electricity.

## Raw Material & Production process of Bakery Business

The major required raw materials are wheat flour, sugar, eggs and ghee.

Other items like milk powder, yeast, salt, assorted fruits, baking powder, caramel colour, vanilla, butter, cream, etc. shall be required in small quantity.

You can procure all the raw material from local wholesale market.

For medium scale unit, you can procure major raw material from direct manufacturer.

In establishing a large scale bakery business, you can also setup your own flour mill included.

In making biscuits, The calculated amount of maida, starch, vanaspati, water etc. are mixed in a mixer to form paste.

The paste so formed will be poured into pre-heated mould to bake wafer sheet.

The other ingredients like sugar, vanaspati, colours, essence are mixed in a planetarymixer to form cream.

The cream so prepared will be applied on the sheets to form sand witch. Thereafter the sandwich will be cut into biscuits and packed in pouches.

To make cakes, wheat flour and baking powder along with cream, sugar and ghee are mixed thoroughly till it becomes fluffy.

Then mixture of beaten eggs is added to it along with caramel colour and chopped fruits before the mixture are poured into cake pans and baked for around 30-40 minutes.

Pastries are made in different shapes like square, rectangular etc. from thick cake sheets, buttercream, jam etc. is placed between layers of cake.

The layered cake is then chilled and cut with sharp knife in the required shape and size.

Sides of the pieces are iced with buttercream or fudge and topped with finely ground cake crumbs or pieces of fruits or chocolate strips and decorated with proper design, colour and garnish.

This is a semi-automatic process, You can also go for a fully automatic bakery business production setup.

### 7 Help You Keep Your Finances In Bakery Accounting Tips That Will check

Opening a bakery is almost everyone’s dream but just being a good chef is not sufficient in the bakery space today.

To survive you need to know not only how to cook food but also how to sell food, maintain the sales and then count your sales.

Yes, that is right, even if you are not an accountant to survive in the bakery space today, you need to at least be prepared with the numbers game a little to make sure you know what is going on and what is not.

To make it easier for you, here we have some bakery accounting tips for you to look at so that next time the accountant comes, you know your end of information thoroughly.

### [1. Understand The Language

Asking people for advice is one thing, understanding it is another.

In order to successfully master your restaurant accounting, the best course of action would be to learn the language of accounting.

Words like debit, credit, balance sheet, cash flow which sound like gibberish right now are common vocabulary in the accounting sphere which you as an entrepreneur must be familiar with.

We are not asking you to become accountants yourself but just understand the basic rules and terminology so you can understand what you are doing completely and what your bookkeeper or accountant has been doing all along.

If you understand their language you will be able to work better with them and accounting for day to day finances will get easier for yoU

#### 2. Accuracy MatterS

Don’t round off! While you may be tempted to round off a couple of rupees here and there, don’t do it.

Even a single rupee every day makes a difference of 30 rupees in a month and though the figure may seem small, it will mess up your analytics, accounts, revenue or expense count and taxes.

Take note of every rupee to know exactly what your profits or expenses are.

This is especially important as overestimating your expenses can make you lose out on good business opportunities whereas underestimating them can lead you head on to a financial crisis.

#### 3. Make Book-Keeping A Daily Practice

Account for your restaurant expenses and sales daily.

Make it a habit, that way it is less taxing and you have a better idea of how the operations are being run.

Soon you will start seeing patterns, like particular days which are slow, particular dishes that do not sell, etc.

With these revelations, you can further optimize the way you strategize for your restaurant as you will be able to see in numbers what is working and what is not.

#### 4. Know Your Expenses

Next, to successfully account for your restaurant finances, you need to know what your expenses are- Fixed and Running.

Fixed expenses are those which stay the same. These include things like rent, depreciation on equipment, salary, etc.

Running expenses better known as variable cost are those which are necessary to run the restaurant but keep changing, like electricity bill, cost of spilled food, water bill, etc.

Having a knowledge of these expenses will make it easier for you to account for them and ultimately control them in the long run.

**5. Create A P&L Statement**

The next tip to easy restaurant accounting is to create a Profit and Loss Statement.

A profit and loss statement is a document which mentions the break up of your costs and revenue for ease of understanding.

Each and every expense and revenue like labor costs, bills, sales etc can be tracked through the creation of a P&L Statement which is also customizable.

Though it is advised to create weekly Profit and Loss Statements, depending upon your restaurant type, accuracy, and need, you can create yearly or monthly Profit and Loss statements as well.

It is essential for every restaurateur to have restaurant P&L knowledge. This will help him/her to get a better insight into the business.

#### 6. Let Your POS Help You Out

Invest in a POS that can help you maintain an account.

The purpose of regular accounting is not just to know your expenses and profits but to understand where the money is going and what is generating cash in order to perform better.

A POS which gives you a detailed break-up of these figures in easy to comprehend charts or gives you a detailed analysis of your accounts, as POSist does is a must for you.

#### 7. ASK AROUND

Asking your fellow restaurateurs how they maintain their books and keep a track of their finances will give you ideas about how you can better manage your own accounts.

Asking for advice will only give you a clearer picture of what you may be missing or even worse doing wrong all along.

We understand restaurant accounting can be a hefty task, especially if you are not a fan of numbers and calculations but today a restaurant is no longer just a food service provider but a business and like every business, accounting in a restaurant is a must.

We hope these tips help you out a little next accounting season!

**Financial Statements**

**Project Financing**

#### 1. Cost of the Project

|  |  |  |
| --- | --- | --- |
| SI.NO | HEADS | AMOUNT |
| 1 | Land | own |
| 2 | Building | own |
| 3 | Plant &machinery | 40,00,000 |
| 4 | Contingency | 8,00,000 |
| 5 | Other capital investment | 12,00,000 |
|  | TOTAL | 60,00,000 |

**\* Machinery Particulars are as under:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| SI.N0 | EQUIPMENT | QUANTITY | RATE (RS\UNIT) | TOTAL  AMOUNT |
| 1 | BAKING OVENS | 4 | I,25,000 | 5,00,000 |
| 2 | DOUGH MIXER | 2 | 1,00,000 | 2,00,000 |
| 3 | CUTTER,divider,sheeter | 3 | 3,00,000 | 9,00,000 |
| 4 | Rusk making machine | 1 | 1,00,000 | 1,00,000 |
| 5 | Flour sifter, sugar,pulveriser, biscuit grinder | 3 | 80,000 | 2,40,000 |
| 6 | Trays , scoops,SS bins, pellets | 1 | 60,000 | 60,000 |
| 7 | Packing equipment | 2 | 3,00,000 | 6,00,000 |
| 8 | Miscellaneous equips: small RO plant, small flour mill | \_ | \_ | 15,00,000 |
|  | TOTAL |  |  | 40,00,000 |

NOTE: The rate may very as per market

## 2.working capital requirement

### 1.RAW materials

|  |  |  |  |
| --- | --- | --- | --- |
| INGERDIENTS | QTY/YR.MT | RATE\MT | AMOUNT |
| Maida | 120 | Own | Own |
| Ghee | 55 | 1,00,000 | 55,00,000 |
| Edible oil | 7 | 1,20,000 | 8,40,000 |
| Sugar | 4 | 30,000 | 1,20,000 |
| Salt | 2 | 10,000 | 20,000 |
| Other ingredient | 6 | 1,00,000 | 6,00,000 |
| Packaging material | \_ | \_ | 2,40,000 |
| TOTAL |  |  | 73,20,000 |

#### 2.MANPOWER REQUIRMENT

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| PARTICULAR | NUMBER OF EMPLOYEES | SALARY\WAGES PER MONTH | AMOUNT PER MONTH | TOTAL  AMOUNT  PER YEAR |
| Technical staff | 3 | 12,000 | 36,000 | 4,32,000 |
| Admin.staff | 3 | 12,000 | 36,000 | 4,32,000 |
| Marketing staff | 6 | 10,000 | 60,000 | 7,20,000 |
| Labour | 10 | 8,000 | 80,000 | 9,60,000 |
| **TOTAL** |  |  | 2,12,000 | 25,44,000 |

**NOTE:** The rates taken in round figure for the ease of calculation

### BUSINESS PROJECTIONS

Installed plant capacity = 500 Kg/day

Efficiency @ 80% = 400 Kg/day

Production for 300 working days = 1, 20,000 kg

Sales

Khari @ 20%@Rs. 100/ Kg = Rs. 24,00,000/- Rusk @ 40% @ Rs. 120/Kg = Rs. 57,60,000/- Atta Biscuits @ 40% @ Rs. 150/Kg = Rs. 72,00,000/-

Total sales = Rs. 1,53,60,000/-

Since capacity utilization (CU) is taken different for different years therefore, projected sales will be:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| YEAR | 1 | 2 | 3 | 4 | 5 | 6 |
| CU@ | 70% | 75% | 80% | 85% | 90% | 90% |
| Sales | 10752000 | 11520000 | 1228000 | 13056000 | 13824000 | 13824000 |

**Feasibility** **Assessment**

#### Technical

* Raw Material for this business is wheat, which is readily available in PACS. • The machines and equipments are not very costly so it can be easily affordable.
* The machines and equipments become semi/fully automatic so operation is an easier task.
* The manufacturers of different machines also provide the facility of installation and repair service for free.
* PACS have large storage area and big godowns for storage of raw materials and finished bakery products.

#### Socio – Economic

* Bakery unit can generate extra income to PACS members and upgrade their socio-economic status.
* Youth of PACS villages can be employed here and it will create the employment opportunity to young persons.
* People can be trained as a salesman, machine operator or manager.
* The entrepreneurial zeal and managerial skills of village women will be used which otherwise wasted.
* The entrepreneurial and managerial skills will be developed in PACS members.
* Idle resources can be turned into profitable one.

#### Market

* There is always a place of Rusk, Khari & Biscuits in all retail shop. So these products have good market potential always.
* Haryana is a developed state of India. The people of Haryana love the deshi products. Bakery being pure deshi product has market throughout the Haryana.
* Mall culture is spread all over Haryana. In the big cities the bakery products can be placed in malls and organized retail shops.
* Big Bazars and other big retail stores can be approached to sell these products.
* Proximity to Delhi – NCR and Chandigarh is on advantage to PACS of Haryana. The people of these cities are health conscious and they are ready for pay for good bakery products.
* PACS itself has a market for the products. Every PACS almost contain 8-10 villages so the PACS can put the products in shops of its villages too.
* Khari and Rusk are treated as a product of foreign touch. The population of Chandigarh and Delhi NCR, who has to use these products, may create a good potential.  **Financial**

Bakery products are value added products. These have higher value (price) than that of raw materials. The financial aspects are elaborated in Annexures – attached.

This business have IRR 22% and DSCR = 2.95.

So, this project is financially viable.

**SWOT Analysis**

##### Strengths

* The PACS of Haryana have ample amount of wheat throughout the year.
* PACS have enough area of operation and ample storage space is available.
* The labour and raw material is easily available for PACS.
* Since Haryana is located near Delhi and Chandigarh so healthy bakery

products are in high demand especially atta biscuit which is easily digestible.

* Low Capital Requirements for this business.

##### Weakness

* Bakery products are perishable items.
* Sensitive to commodity price fluctuations.
* Scarcity of Skilled Human Resource
* Lack of experienced staff

Opportunities

* The increasing township and mall culture have created market potential for bakery products.
* Haryana have different stores located at bus stops (especially for AC busses) where these products can be sold to passengers.
* The nutritional value and attractive packaging of the products can also create an opportunity.
* The High income group having lavish living standard have passion to use

bakery products instead of packaged products available in market.

* The fooding habit of villagers are also been changed and they are also a good consumer of bakery products**.**

##### Threats

* Tough competition with other big brands
* Price wars among competitors
* Product Substitution
* Technology Up gradation

## Risk Assessment & Management

* Bakery products are perishable in nature; therefore Material management is required for avoidance of the wastage.
* There is a tough competition in the market so product mix approach is applicable to this industry. PACS should produce quality products to sustain in the market.
* Proper study of consumer behavior should be conducted and accordingly the products can be produced.
* The shelf value of these products is very less therefore demand for these products can be generated through proper advertisement and promotion.
* The financing of these types of industries depends on the market factors, though demand for these products are high but financial institution does not easily finance these products. The financing agency must be ensured through a proper business plan.
* The packaging of product should be attractive. It creates additional demand for products.
* Proper certification of plant is required from the authorities. Food safety standards should be followed.
* PACS may approach for ISO certification for ensuring the quality standards of products.
* Internal Checklist should be in plant / unit and it must be supervised periodically.

* **Waste disposal** - The main waste in the bakery unit is of unused dough ,fondant, burnt product. These need to be removed in a timely manner. Dough and fondant may lead to fungal growth in the manufacturing premises ,whereas burnt product will contaminate the finished product. Waste should be disposed immediately in covered bins to avoid contamination.

### Training & Development

National Institute of Food Technology Entrepreneurship and Management (NIFTEM) located at Sonepat district of Haryana, is an autonomous institution under Ministry of food Processing Industries, Government of India.

This institute offers short term training programmes and workshops on bakery. The PACS may approach to this institute and provide training to its employees on bakery processing at nominal fees.

International Bakery Research & Training Centre (IBRTC) is opened in the NIFTEM to undertake the work of training, teaching, research and technology transfer in the area of:

Science of Baking, Bakery Machinery, Hygiene and Sanitation,

Bakery Management, Production Method, New Product Development, Quality Control and Specification, Packaging and Presentation of Products.

Apart from this there are several private institutes also which provide training and skill development in bakery and food processing. These institutes are located in Ambala, Karnal, Chandigarh, Hisar.

### Monitoring and Control

* Making bakery products experienced skilled worker or qualified baker is needed to check raw material quality, dough consistency, proofing, first and second baking, etc.
* It is necessary to develop right taste, texture and consistency of the products.
* It is necessary to avoid waste during flour shifting, dough making, rolling/sheeting, slicing/cutting etc. Because wastage increase the cost as well disposal of it also cost.
* Proper selection of bakery equipment is very much essential.
* Water must be of good quality, preferably RO water if total dissolved solids are high in source water.
* Disposal of solid and liquid waste are to work out properly as per pollution laws.
* Good level of competence is needed to understand quality of raw materials, formulation of products, functions of additives used in formulation, control of process and machinery to produce end product of desired quality, taste and texture, type of packing material to be used, market trends and penetration, etc.
* Technical knowledge and skills are needed for problem solving, and to ensure good hygiene and safety in the workplace.
* Proper pest control is required for preventing insects and rodents.
* The guidelines listed in FSSAI manual should be followed strictly.

# REVENUE STREAMS

Keeping pace with the competition and bringing exposure to your brand is a constant challenge for small business owners in the bakery industry. In a business that runs on quality and creativity you should always be looking for ways to innovate and remain unique. Here we’ve compiled seven ways to keep your bakery on the rise.

## 1. Specialty Cakes

Some bakeries don’t think outside the donut box. Think bigger, think cakes!

There is a lot of money that can be made in specialty cakes. Competing with larger stores that have cookie cutter cakes may be easier than you think if you are able to make your cakes truly special and unique.

You will need to find a good decorator that is creative and reliable. Advertisements geared toward specific events such as wedding and birthdays will target the perfect customer base.

## 2. Be Unique

Most Bakeries have a signature item that keeps people coming back. Create something that the customers want.

You may even have a small survey periodically to see what the patrons are looking for.

Keep an eye out for industry trends and put your own spin on popular items. Items such as specialty donuts, cake pops and other sweet treats offer a variety of options for personalization

## 3. Healthy Options

With the ever growing health movement it is important to offer healthy options to ensure you do not pigeon hole your business.

Creating gluten free and low sugar items will allow those with health concerns to still frequent your establishment and enjoy your products. Advertising the lower caloric values can help to ease a health conscience consumer into accepting your establishment as a viable food source.

## 4. Freshness

Quality is of the utmost importance in the bakery industry.

Ensuring that every customer receives the same, fresh pastry is very important to customer loyalty.

Be sure to have “baked on” times and dates so you can track the age of your items. Whenever possible, bake items fresh to order.

Use quality, fresh ingredients in all of your menu items. Taste is what will set you apart from your competition; it is important not to cut costs when it comes to food quality.

## 5. Menu

Although you will want to always offer your most popular and signature items, it is a great idea to change up your menu periodically.

You can research the types of items to add to your menu by offering daily and weekly specials and gather customer feedback on these items.

Have small survey cards at the counter and at your tables where the customer can offer feedback about potential new menu items

## 6. Wholesale

Only selling your product from your storefront can significantly decrease your profits. Consider moving into the wholesale sector in order to establish consistent, large volume customers.

Nurture relationships with local restaurants and catering services so they will consider offering your baked goods along with their current menu.

These relationships can increase revenue dramatically and serve as sustainable income for your bottom line.

## 7. Free Samples

To increase your bakeries profitability in the baker industry, there is no greater draw than the free sample.

This is something that you can do outside of your store front, walking the neighborhood or even at events and food festivals.

These samples should include your most popular menu items as well as unique items that can’t be found at other bakeries.

This is also a great way to test out new items and establish an updated menu.

## Customer Segments

A small business, such as a neighborhood bakery, usually does not have the resources to launch mass-marketing campaigns.

By carving up the addressable market into smaller segments, a small bakery can focus its resources on niches that the larger bakeries may not be addressing.

The market segments should be measurable and large enough to generate consistent profits and justify the company's marketing and other investments.

## Geographic

segmentation criteria include region, climate and population density.

A small bakery in a suburban community may serve just the local residents.

Using population estimates from the latest census and information on the competitive structure from the local chamber of commerce, the bakery can estimate the number of potential customers and plan its operations accordingly.

By putting up an online order-entry system and contracting with part-time delivery people, it may also be able to supply custom cakes and other products to locations outside its normal geographic area.

## Demographic

Demographic segmentation criteria include age, gender, family status and income.

Younger customers may order pastries from a bakery, while families may drop by for breads and rolls.

Orders for tiered cakes for birthdays and other special events may come from high-income households.

The product mix and pricing strategy would depend on the location and the competitive environment.

For example, a bakery in an upscale neighborhood may decide to offer more pastries and custom cakes in its stores than breads and rolls, which should mean higher margins but lower volumes.

In a working class neighborhood, a bakery may offer more bread, rolls and other items in the low end of the price range than pecan pies, custom cakes and other expensive items.

The margin on each item may be less, but the bakery should generate high profits if it sells enough items.

## Lifestyle

Lifestyle segmentation criteria include consumer attitudes and perceptions.

Some customers may believe in the importance of a glutenfree diet, while others might be interested only in high-fiber breads and rolls.

During periods of distress and uncertainty, some may turn to cupcakes or crullers as comfort food.

Customers who are looking for very specific items may be willing to pay a premium price, which could represent higher profits for the bakery.

## Age Group

Bakery industry all age groups of customers are available.They are categorized into Three Groups they arE

i.Kids

Kids are the most important customers in Bakery industry.Kids can be satisfied by providing vast varieties of

Toffees,Cakes,Biscuits & Cookies.It is important to concentrate on Icings.Kids tend to like Colourful Toffees,Creams and Icings ii.Youths

Youths tend to buy tasty products in reasonable price.So it is more important to concentrate on pricing rather than variations and varieties in this case.

## Tourists

Tourists are like to taste regional foods. Especially foods that reflects culture.

So Its better to have treats that are hailed as Famous food among Local residents.

For example: Jigarthanda is famous dessert in Madurai Region.

If your business is near a popular tourist destination,It helps in attracting tourists is an easy way to boost sales.

Tourists dine out while traveling; they account for one-third of fine-dining sales and nearly one-fourth of casual dining sales each year, according to the U.S. Travel Association. That adds up to more than $209 billion spent annually by tourists on food service during travel in the United States.

# CUSTOMER RELATIONSHIP MANAGEMENT

Start by defining your objective

Your CRM campaigns will be more effective when you define your campaign objective, sharply. Each campaign should have a goal. A thought you want your audience to be left with or an action you want them to take.

Here’s a list of common CRM goals to help you get started:

Brand Recall – You would want to register your brand name in your audience’s mind. So that next time they think of ordering food or visiting a restaurant, they think of you.

Promoting an offer, event, or a new dish on the menu – Grab your audience’s attention with something new that is happening at your restaurant.

Piggyback on a popular topic, theme or day – Sometimes people need an occasion to indulge themselves. And food is a great way to celebrate something. Cash-in on any special days or something in the news (Example: Your country wins a soccer match).

Bringing back dormant customers – There will always be customers who haven’t ordered from you in a while. With a little manual effort, your CRM tool can help you figure out who your dormant customers are (ours does it automatically). Once you know who they are, you can entice them with a laser-sharp offer. We’ve seen this work very well for a lot of our clients. More on targeting customers later.

Increasing Loyalty – The success of your loyalty program depends on how much it gets used. And your CRM is a good vehicle to send reminders and usage updates to your customers. You can also tier your loyalty program to promote usage.

Increasing the average basket size or order value – Up-selling to your existing customers so that they order more each time is one of the most effective goals for a CRM campaign to have. You can design specific offers like the classic “Order 2 get 1 free” or “Order 2 and get X discount”.

## Target the right audience

Now that you have your CRM campaign goals in place, you can start targeting campaigns. But who to? Marketing campaigns begin and end with your audience. You will only be able to influence a customer action by being relevant to them. And to be relevant you need insights on your customer.

This is an advantage of a CRM tool. It gives you those insights and the ability to organize your customers into target segments (groups really). Ours does it automatically depending on their behavior.

Some common ways of segmenting online ordering customers are:

By order frequency – repeat customers

1. By order activity – active and dormant customers

1. By the time of order – Weekday and weekend

1. By size of order – Avg. basket size

Target repeat customers with additional offers and get them to participate in your loyalty programme.

Entice dormant customers with tailor-made offers. Target customers basis their historical order time, i.e. when they are likely to order again.

Analyze trends to find out if your customers order more on weekends or weekdays. You could also craft CRM campaigns to target customers who have a large order size.

Suggest add-ons or make good recommendations for sides. Remember, it is easier to sell to existing customers than to go after new ones.

## Time it right

Timeliness is truly the secret sauce of effective CRM campaigning. Imagine you are on your way back home from work thinking about ordering in for dinner.

And you get an SMS from a restaurant talking about a new dish on their menu that is all the rage. VS. when you are at the gym and you get a message about fried chicken. Being aware of your customer’s context can make or break your CRM campaign.

Make the most of 160 characters

If you run SMS campaigns (we recommend this strongly), you would have to be mindful of the 160 character limit. The message must have your brand name, ordering link, a call-toaction (an action you want your customer to take) and the offer you’re promoting.

This leaves you with 35-40 characters to include a witty line, a bit of humor, or the main idea behind the campaign.

Here are some examples:

“Can’t fix the match but can fix your Hunger!”

“Plan your weekend party, food is on us!”

“Don’t bother cooking, just order & chill.”

“Kiki, do you love meals?”

“Seek Kebabs, not attention.”

Emails that cut through

Emails are personal. So your messaging needs feel personal too. A good rule of thumb to follow is to focus every email on a specific announcement, reminder, offer or general message. You can have more in an email, but be sure to connect everything to one main idea.

This way you will have a better chance of sticking to your customer. Adopt a conversational tone in your emails and break up any long paragraphs into shorter sentences. Use images that help communicate your idea (but remember that a lot of email services switch off these images by default).

So your email body needs to communicate even without images.

**Analysis paralysis?**

The greatest benefit of modern CRM tools is the ability to measure the effectiveness of your campaigns, figure out what’s working and to double down on that. These days, CRM tools throw out all sorts of data points to help you do this. But there is such a thing as too much data.

And sometimes it can be hard to make sense of (short of being a data scientist yourself). Our CRM tool gives you handy reports and dashboards that look at all your CRM data and only shows what’s relevant to you and your campaigns.

We don’t show you a single data point that you can’t take action on.

LimeTray’s CRM shows you only actionable insights

So that you can make better decisions

Let’s be regular

Remember that your customers are constantly being drowned in messages from all directions. Your messages are competing with thousands of others for the same customer’s attention.

That’s why staying top-of-mind helps you break the ice with your customer. Your customers are more likely to respond to a brand they feel they know.

Set-up a campaign cycle for your CRM. You could follow the pre-launch, launch, and sustenance format. Send messages out at least twice every week. And this does not include the topical messages.

To sum it up, remember…

O – Objective

A – Audience

T – Timing

M – Make the most of 160 characters

E- Emails that cut through

A- Analysis (not paralysis)

L- Let’s be regular

…OATMEAL

## 1.key partners

Members of primary agriculture co operative society (PACS) and co operative bank can provide raw materials and fund for the project

National co operative development co operation (NCDC) is an setup by government under an act of indian parliament an 13 march 1963 NCDC helps bakers by providing funds and mandatory raw materials like sugar, flour, for conceded price

District co operation central bank (DCCB) can also provide funds and materials for the concern

Ingredients supplies , machinery supplies ,mechanies water supplies, electricity board are the key partners of the bakers

Fruit supplies, chemical supplies, are other keep people that an baker totally rely on being supportive to the bakery unit

### 2.PERMITS NEED TO OPEN A BACKERY

**FSSAI LICENSE :** It is a unique 14 digit registration number that is given food manufactures traders and restaurants . FSSAI license is also known as the food license FSSAI license can be applied on their dedicated website = [https://fssai.gov.in](https://fssai.gov.in/)

**GST REFISTRATION:** It is one tax that you need to pay and unlike different taxes (VAT service taxes) earlier you can easily register your bakery for GST online web site : www.gst.gov.in

And get it sactioned with minimum hassle

**HEALTH LINCENSE:** This license ensure that your bakery stands corrected under the health concern of the health department . it will need around 16 days to be issued to you after your submission apply for it on your state municipal corporation website

**FIRE LICENSE:** A no-objection certificate (NOC) from the the fire department is required to run a bakery there is no free required for NOC as of nown

**EATING HOUSE LICENSE:** The eating house license is

provided by the local police authority . the commission of the police department should approve the license the approximate coste required to issue this license is RS-300 for three years

# 3.VALUE PROPOSITIONS ( OF A BAKER)

* Provide customers healthy and digestive atta products
* Crispy and nutritional ingredient
* Availability of product on demand
* A convenient location with in the reach of all sort of customers
* Fast and afficient service no customers should wait for their good yes the food must be served fast without compromising the taste and texture
* A signature product /dish should exist for the name shake of the concern .it helps to enlarge the popularity of your bakery
* A fair and reasonable price point for the satification of both the parties . it helps to build the strong relarionship between the seller and the customer

# KEY ACTIVITIES

**SALES:** The sales team is the life blood of every business. The sales team reaches out to the customers to expand the customers base and secure sales.

**MARKETING** : The marketing and advertising help in development the brand and boosting the exposure of the business and 15 services.

**FINANCE:** Budgeting and finance helps in the deciding how the revenue is to be utilized for growing the business and achieve optimum result.

**ACCOUNTING:** The process of managing money that goesing and out your business fall on the accounting. Keeping up to the date with the expenditure and income allow you to ascertain where and how the money spend.

**CUSTOMER SERVICE:** Customer service helps in the securing the new client, build lasting relationship and promote refferals for a business.

**HUMAN RESOURCE:** The human resource is an essential part of maintaining current operation and planning for expansion They are responsible for hiring employees .

# KEY RESOURCES

**PHYSICAL RESOURCE :** physical resource such as raw materials, building, vehicles, transportation, storage , facility, machines and factors .

**HUMAN RESOURCES:** Staff such as a talented baker engineer for maintenance , marketing expert , storage experts , these resources are more important in companies in the knowledge intensive and creative sectors

**INTELLECHIAL RESOURCE :** Intellechial resource such as your brand ,patends , copy rights , partnership , and customer database . This can include recipies for those who deal with food or it can include particular way of doing things

**Financial resource :** The financial resource of bakery based on the sales figure , hence constantly improving with increase resource vice versa . It’s a cycle procees

# CAHNNELS

**SMALL SCALE CAHNEL :** Shopping malls , big bazars , local retailers , hotel and resorts are considered as the small scale channels

**MEDIUM SCALE CHANNELS:** Franchising and tie-up with various concerns and catering for all the branches and opening shops in all their branches are considered as medium channels.

**LARGE SCALE CHANNELS:** Merchandising and exporting to other countries are mostly considered as the large scale channels. tie up with airlines and provides food for all their flights, tie up with ship lines-vice versa.

## COST STRUCTURE

* Fixed cost for plant and machinery
* Attractive packaging
* Distribution and sales
* Cost of products replacement in case of packets are broke
* The total approximate cost of opening a bakery in India is around rs.15 lakhs. However, the cost of equipment and location can lead to considerable variance in the estimated cost.
* **Bakery setup cost:**

Location - Rs.1,80,000

Licensing - Rs.30,000

Equipment - Rs.1,42,000

Marketing - Rs.8,45,000

Display area - Rs.2,65,000

Staff uniform - Rs.20,000

Misc - Rs.10,000

### TOTAL - Rs.14,92,000

## Conclusion

Bakery products still remain the cheapest of the processed ready to eat products in the country. The demand for bakery products will continue to increase in future.

Bakery products are becoming quite popular in rural areas as well. Nearly 55% of the biscuits are consumed by rural sector. The higher consumption of biscuits in rural area could be attributed to its position as a snack, longer shelf life and better taste which is liked by different cross sections of population. There is no marketing problem as every shop is a market for bakery products.

Bakery business is like venturing into spreading your labour of love. A love that is devoured by millions for its freshness & taste and the warmth that it leaves behind.