

MA1S02 Coursework 1 Internet Café

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Coursework Brief

This coursework assumes the scenario that you have decided to set up an internet café, which will also offer PC repairs and general computing advice. You have a limited (but reasonable) amount of money available, but the idea is still at the beginning stage – you have no equipment or even a location yet. You intend to find and then rent a suitable building.

Question One

The aim of this business is to make a profit. I will go over some of the factors that could effect the success of my idea.

- The cost of computer hardware

This is in the scope of my problem. The higher the cost the less profit I will make.

- The amount you charge your customers

Yes this is in the scope of my problem. If I charge the customers too much they wont come here. But if I don't charge too much I wont make a profit.

- The Ban on smoking in workplaces

I don't think that this is in the scope of my problem. Because customers will not be able to smoke at any other places.

- Overall costs

I think that the overall costs are in the scope of my problem. I need to make sure that I am not spending to much.

- Overall revenue

The overall revenue is in the scope of my problem as I need to make sure that I am making enough to break even.

- Overall profit

The overall profit is in the scope of my problem as I need to make sure that I am making a profit.

- The rise in house prices and rent

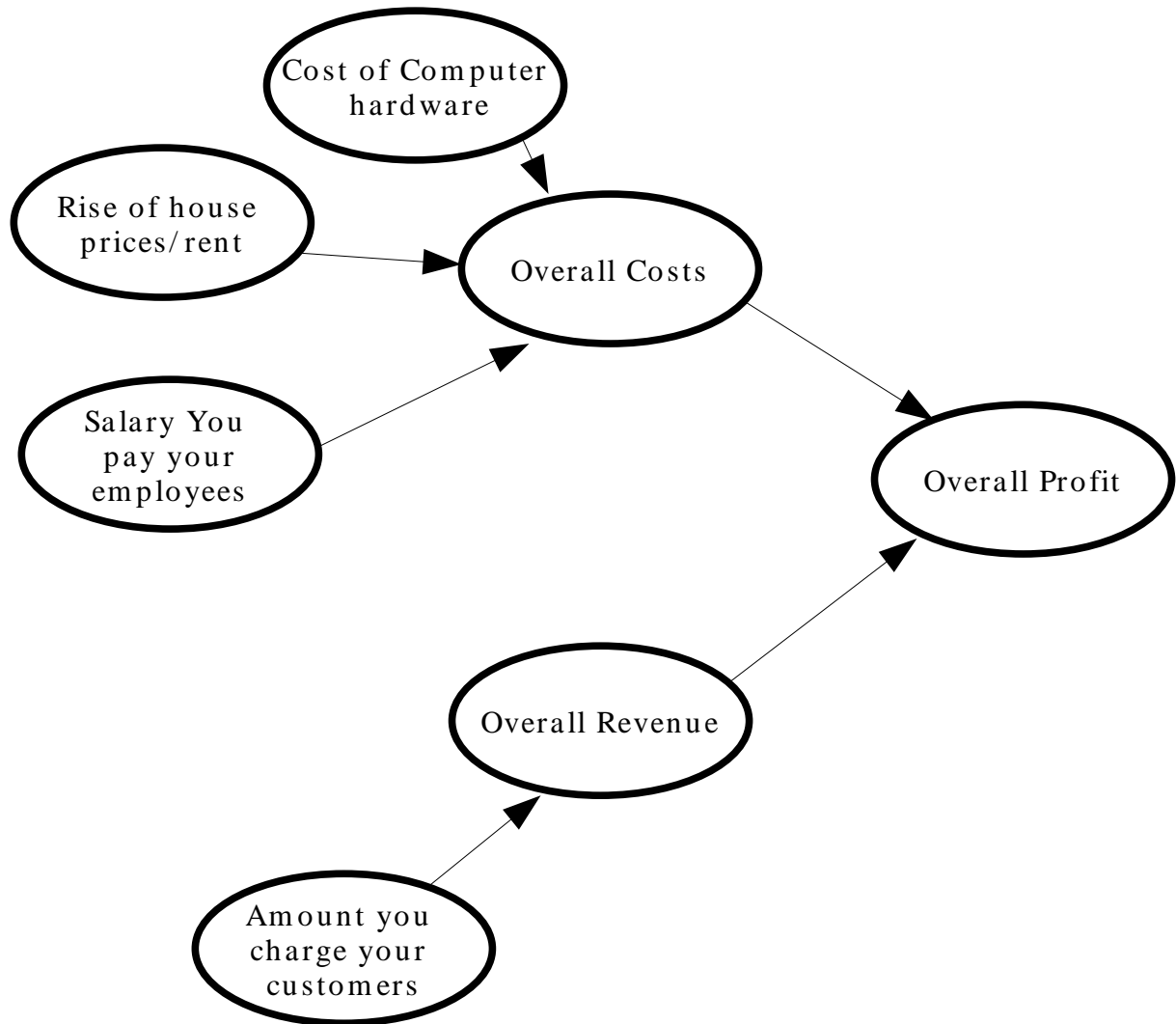
The rise in rent is in the scope of my problem. I need to make sure that rent of my possible place is an acceptable rate.

- The average temperature over a four-week period

This is not in the scope of my problem. As the average temperature over a four-week period does not represent the temperature for the whole year.

- The salary you pay your employees

I don't think that this is in the scope of my problem because of the minimum wage.



Question Two

Strengths Weakness Opportunity's and Threats

Strengths The positive internal parts of my business that will effect my overall profit.

These are things like:

- Good customers service
- Capable staff
- Able to provide good general advice to customers

Weakness The negative internal parts of my business that will effect my overall profit.

These are things like:

- Limited amount of capital
- Too much work and deadlines may not be met
- Cost of repairs to hardware

Opportunity's - The positive external effects that will effect my overall profit.

These may be:

- A government/council grant
- A similar computing shop has just closed down
- Rent/house prices have started to fall

Threats - The negative external effects that will effect my overall profit.

These can be:

- A new more known computing shop could have started up near by
- Broadband has just been enabled/upgraded on all homes in the area
- A free advice service for computing has been set up in the area

Question Three

A Pareto analysis is a way of finding out which of the most important factors of your business you should work on improving. The most important factors are determined by the 80/20 rule. This means that you take 20% of the factors that are most important and improve them. The other 80% of the factors are ignored. Or re examined at a later date.

Using the supplied table of information, I was unable to complete the Pareto analysis because I was unable to successfully identify 20% of the complaints and still have 80% left. So the data does not fit the 80/20 rule.

Question Four

After opening a second internet café I think that the total profits for both of the stores would be £100,000. My reasons for this is that if you have one store that makes £100,000 and you create another store that will take some or most of your customers from the first one. So the other customers that were going to the first store will be going to the second store instead. This is why I think you will be making the same amount of profit.

Here are some reasons that could effect my answer:

- If you have two store's you will have more staff and room to make more profit than with one store
- With two stores your total costs will go up
- If the second store is in a better place where more people can see it then it may make twice as much as the first
- If the second store is near a tourist information centre or attraction then it will increase the total profit.
- The second store could be located in a dangerous area of the town and it could be broken into and customers computers could be stolen and your reputation ruined, then you could make a loss.
- The second store may not have as fast broadband as the first which could lose customers
- You would have to manage both of the stores yourself, which means that you would have to leave the store to your employees, increasing costs.
- You will have to buy more start-up equipment for the second store increasing costs.
- Running costs will be doubled so the overall profit will be lower