Sri Lanka Institute of Information Technology

BM1046 –Business Communication

Group Assignment
Feasibility Report

Submitted by:

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Contents

Executive Summary

Through this feasibility report, we aim to investigate the possibility of setting up a café on the university campus premises. We explore the different areas related by conducting market analysis and market demand analysis, competition, financial forecasts, operations, and marketing strategies. This study outlines a promising opportunity given the diversity of student demographics and distinct university atmosphere.

To start, we examined the feasibility of the market. A market analysis helped us to identify our target market and rivals, students are the main target of the proposed project. Additionally, a survey and market study allowed us to gather the required data. By studying technical feasibility, we were able to investigate and understand the technical elements including the location, and the tools and machinery that would be used in the café. As per the demands of the target groups, the new café will be situated near the Engineering faculty area. We conducted an economic viability to gain an economic perspective on the project's expenses and resource requirements. This was followed by an operational feasibility that allowed us to investigate any variables that may arise. By conducting a scheduling feasibility, we were able to investigate the timeline and sequence of the café which helped us understand the project's linked tasks. We concluded by outlining our assessment of the project's viability.

Market Feasibility

Café Bakespresso is a café set up within the Sri Lanka Institute of Information Technology (SLIIT), registered under small and medium enterprise development authorities, which supports its business growth and legitimacy.

As a profit-driven venture, Café Bakespresso's primary goal is to deliver excellent customer satisfaction by providing high-quality food and beverages that students, staff, and visitors can enjoy. Meeting both SLS (Sri Lanka Standards) and ISO (International Organization for Standardization) requirements, all products offered by Café Bakespresso adhere to strict quality standards, ensuring safe and reliable options that appeal to a wide audience on campus.
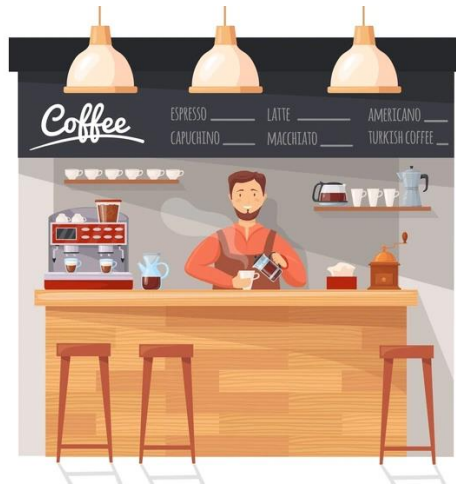
Target Market

The primary target market is made up of a diverse group of individuals namely: students, faculty, and staff of the campus with a focus on demographics such as age, income level, and coffee consumption habits. An assessment of the coffee outlets on and around the campus including their offerings, pricing, and customer feedback, will provide opportunities to gain a competitive advantage. Café Bakespresso analyzed a group of potential customers to sell our products.

5. **What kind of food or drinks would you prefer that aren't available in other canteens?**

Cold Beverages (Carmel , Iced...	32
Hot Beverages (Cappuccino,la...	50
Ice Cream	58
Sweets	27
Desserts (Wattalapan)	30
Other	36
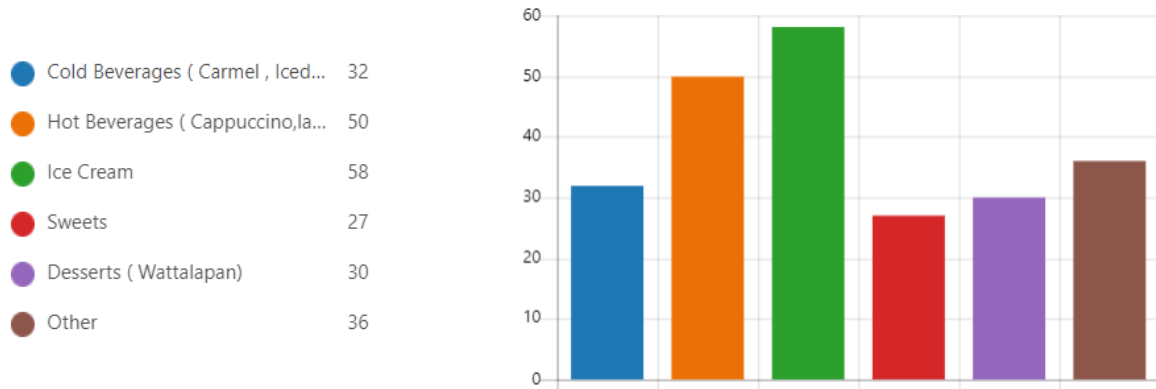
According to the survey, almost 50% of the students prefer Hot Beverages and Ice Creams. As a result, in order to attract these 50% of students to our business and retain their attention we decided to offer Hot Beverages that are budget-friendly and of good quality at Café Bakespresso, while maintaining hygiene concerns.

We chose to attract our target market by offering Discounted beverages and Ice Creams alongside other sweets and desserts to bring attention to our café at the initial stage, which could help to secure a customer base.

Customer and Competitor Analyzing

We carried out a survey on customers' daily spending and a competitor analysis to understand the rivalry we might have to face in the future.

Based on the data that we have gathered through our survey we found that majority of the

4. How much do you spend on food per day (specifically for lunch)?

⬤ Less than Rs. 500	31
⬤ Rs. 500 - Rs. 700	53
⬤ Rs. 800 - Rs. 1000	18
⬤ More than Rs. 1500	3
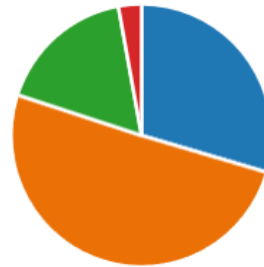
students spend about Rs 500 to Rs 700 on lunch. Based on this finding we have organized our services to match the expected spending patterns.

By designing our menu to satisfy these budget conscious expectations we will be able to attract more students who are keen on enjoying an affordable meal.

In addition to meals, we aim to offer various options to our visitors in terms of coffee and snacks. As we researched the spending patterns of academic and administrative staff, we recognized that they allocate an amount for coffee and similar beverages. With a competitive pricing plan, we can offer reasonably priced items that would be accessible to both students and staff alike.

Customer	Types of products	Preference rate (out of 100%)	Price Rate (Approximately) (Rupees)
Students, Academic and Non-Academic Staff, Visitors	Cold Beverages	20%	100-800
	Hot Beverages	50%	200-1500
	Ice Creams	15%	150-1000
	Sweets	10%	100-1000
	Desserts	05%	200-2000

SLIIT has many canteens and shops on the campus premises. With nearly 8 shops on the campus premises accompanied by over 20+ cafes and shops outside the premises, rivalry is considerably high. With the motive of finding our most fierce competitors we conducted a survey and obtained the following results.

3. **Where do you mostly buy food from?**

● Perera & Sons	21
● Finagle	16
● University Canteens (New buil...	50
● I usually go outside the campus	17
● Other	2
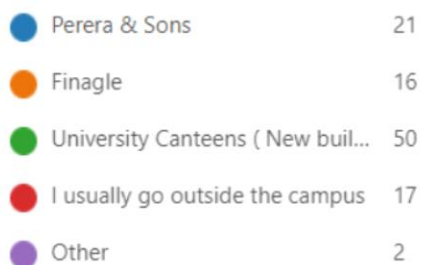
By observing the above results, it is clear that most students buy their food from the University canteens and Perera & Sons. While being popular choices we noticed that these shops didn't offer high quality Hot and Cold beverages which is an opportunity for Café Bakespresso.

We also conducted a competitor analysis concerning our customers and existing competitors.

Competitor	Products that sell	Advertising & Promotion	Strengths	Weaknesses
• Finagle • Perera & Sons • University Canteens • Outside the university	Rice Kottu Pizza Short eats Fresh juice Tea Coffee Snacks Sweets	• Flex and banners. • Discounts Given. • Sponsoring. • Social media campaign • Referring offers	• Over 20000+ Students. • Over 1000+ Staff. • Outside and Inside Events.	• Over 20+ shops and canteens nearby slit premises and outside • Customer preferences change. • Different Price Ranges.

Through this analysis, we can maintain a competitive edge over our competitors by producing different products accordingly. Additionally, by maintaining customer satisfaction we will be able to maintain goodwill.

Technical Feasibility

Technical feasibility is about figuring out if we can successfully run our coffee shop using the technology and resources we have. This includes checking several important factors for our Café Bakespresso:

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Location

Bearing in mind the responses to our survey and our own observation of student preferences we have decided to locate Café Bakespresso near the Engineering Faculty where anyone can enjoy our services at any time.

6. **What location would you prefer for the new café?**

	Location	Count
🔵	Near the Anohana Canteen	14
🟠	Near the Gym	4
🟢	In front of Birds nest	38
🔴	Next to Engineering Faculty	50
🟣	Other	0

Equipment Setup

To create and serve our products effectively in a welcoming space, we have listed the key equipment and materials needed to run the coffee shop smoothly.

- **Main Equipment**:

We will need machines like an espresso machine, coffee brewer, blender, and refrigerator to make our drinks and keep ingredients fresh. These will help us prepare our menu and ensure good quality.

- **Furniture and Decos**:

The shop will need tables, chairs, and benches, and by adding soft lighting and wall art the place will become more inviting so people can relax.

- **Other Ingredients and Supplies**:

We will have a supply of ingredients and tools to serve a range of foods and drinks that meet the customer's varied taste preferences.

- **Serving Equipment**:

Items like plates, cups, glasses, and utensils are necessary for presentation and service.

Durable and attractive serving items will reflect the care we put into our brand.

- **Packaging and Storage Materials**:

We will need containers, bags for takeaways, shelves, and racks to keep our shop organized and ingredients accessible allowing us to easily meet safety standards and takeout orders.

- **Cleaning and Safety Supplies:**

To keep our shop clean and safe, we'll need cleaning supplies, sanitizers, and bins for waste. Regular cleaning will help maintain a healthy space for both customers and staff.

With this setup, we aim to create a friendly café with comfortable space and high-quality products to attract customers.

Infrastructure and Utilities

To successfully set up our café, a robust foundation of infrastructure and utilities is essential. These elements are crucial in creating a comfortable and ensuring a seamless experience supporting smooth operations.

Infrastructure

- **Size and Layout**:

A space of around 800-1,200 square feet is ideal for our café, with adequate room for a seating area, a service counter, a kitchen, and storage.

- **Seating Capacity:**

To serve both individual and groups we will need a capacity of 30-50 seats. With a combination of tables, lounge areas, and bar-style seating, Café Bakesepresso will cater to both solo diners and group gatherings.

- **Ambiance:**

With warm lighting, appealing color schemes and attractive decor we can create a cozy and welcoming atmosphere where customers can relax or work.

- **Internet Access**:

Our café will offer free Wi-Fi. This feature will support those who wish to study or work adding to the value of their experience.

Utilities

Electrical Needs

- **Power Supply**:

  We will require dependable power sources to run all the necessary equipment to ensure uninterrupted service.

- **Lighting:**

  A well-lit place is crucial to secure safety and support efficient operations and food preparation.

Water Supply

- **Plumbing**:

  A reliable water source ensures that daily operations, food preparation and cleaning can run smoothly without interruption.

- **Hot Water**:

  A water heater will be installed to supply hot water for espresso machines and other cleaning tasks.

Waste Management

- **Trash and Recycling:**

  Separate waste disposal bins for regular trash and recyclables will be placed throughout the café, reinforcing our commitment to cleanliness and environmental responsibility.

- **Grease Trap:**

  To comply with local regulations, we will install a grease trap for proper waste disposal and to prevent plumbing issues.

Heating, Ventilation, and Air Conditioning (HVAC)

- **Temperature Control:**

For year-round comfort, we will install an HVAC system that allows us to maintain optimal temperatures for customers and staff.

- **Ventilation:**

Good ventilation is crucial to maintain air quality and prevent overheating in the kitchen. This will ensure a pleasant environment for everyone, even during peak hours.

With these plans for infrastructure and utility, our café will offer a pleasant, functional, and customer-friendly environment, helping us stand out from competitors by offering a space that is well designed and comfortable.

Manufacturing Process

Our distinct production methods emphasize quality and safety in every stage helping our café stand out from competitors. Each stage of the preparation process is carefully monitored, from obtaining ingredients of the best quality, to the blending of specialty drinks and assembling of snacks, the methods employed are all designed to meet expected food safety and quality standards

This quality control helps us maintain high standards and deliver exceptional products and enjoyable customer experience. Our focus on quality means we are attentive to the diverse needs of our customers, an approach that not only gives us a competitive edge but also builds trust and satisfaction among our customers.

Other Requirements

Transportation Needs

To support smooth operations and meet our service goals, we have outlined key transportation needs for our coffee shop:

- **Initial Supply Transport**:

  Initially, we plan to use personal or rented vehicles to manage the delivery of necessary supplies and other essential items to the café to reduce initial costs.

- **Campus Delivery Service**:

Looking ahead, we plan to offer a delivery service within the campus so that staff and students can enjoy our products without having to leave their location. This added convenience can secure a larger audience.

This approach to transportation supports both our initial needs and future growth, ensuring effective supply management and improved customer service.

Staff

A well-trained team is essential for the smooth operation of our coffee shop and improving service. Key roles include:

- **Customer Service:** Friendly and knowledgeable staff to assist customers, take orders, and address inquiries.

- **Cleaning Staff:** Team members dedicated to maintaining cleanliness and hygiene throughout the shop.

- **Cash Handling (Cashier):** Trained cashiers to handle transactions efficiently and manage the cash flow.

By hiring experienced individuals to fill these roles we can ensure that every task is handled with care and efficiency and that customers who visit the shop are satisfied.

Technology Requirements and Availability

A basic level of technology is essential to operate our coffee shop efficiently. Below are some of the key technological components and facilities we may require:

- **Computer Hardware and Software**: Essential for day-to-day administrative and operational tasks.

- **Online Ordering System**: Allows customers to place orders conveniently, improving order management and customer satisfaction.

- **POS (Point of Sale) System**: Handles payment processing, transaction management, and sales reporting, making it easy to track daily sales and manage payments.

- **Digital Menu Boards**: Display our offerings clearly, allowing for easy updates and improved customer experience.

With the help of our friends' IT skills, we hope to develop a mobile app exclusively for Café Bakespresso, enabling customers to place orders at anytime from anywhere and improving convenience.

Financial Feasibility

Financial feasibility is about checking if the project can make enough money and manage cash flow to keep it running overtime and cover up all costs. Opening a coffee shop at SLIIT could be very profitable, by providing a unique collection of beverages and meals to cater to our audience we can stand out despite the presence of food courts on campus.

We have put together a rough estimate of our costs to financially prepare for all costs.

Startup Cost

Cost of project				
	Proposed		**Total**	
Description	**Equity**	**Borrowed**	**Equity**	**Borrowed**
Furniture & Fittings	-	3,000,000		
Machinery and Equipment	2,000,000	300,000		
Other Raw Materials	1,000,000	-		
Land and Building	-	2,500,000		
Sub Total	**3,000,000**	**5,800,000**		
Permanent Working Capital	-	-		
Grand total	**3,000,000**	**5,800,000**		

Administration Cost

Administration Cost			
Type of Expenses	Expenses (Year 01)	Expenses (Year 02)	Expenses (Year 03)
Electricity bill	600,000	700,000	800,000
Water bill	240,000	250,000	260,000
Salary (employees)	1,800,000	1,850,000	1,850,000
Insurance	2,000,000	2,000,000	2,000,000
Total	**4,640,000**	**4,800,000**	**4,910,000**

Other Costs

Marketing and Distribution Cost			
Item	Cost Year 01 (LKR)	Cost Year 02 (LKR)	Cost Year 03 (LKR)
I. Promotion costs	400,000	300,000	200,000
II. Sales outlet - rent	100,000	100,000	100,000
III. Sales outlet – other expenses	60,000	85,000	100,000
Total	**560,000**	**485,000**	**400,000**

Expected Revenue sales

Month	Monthly sales forecast
January 2023	1,000,000.00
February 2023	800,000.00
March 2023	800,000.00
April 2023	1,000,000.00
May 2023	850,000.00
June 2023	700,000.00
July 2023	900,000.00
August 2023	1,100,000.00
September 2023	1,200,000.00
October 2023	1,100,000.00
November2023	900,000.00
December 2023	600,000.00

Profit And Loss

Description	Total (LKR)
Total Revenue (per Year)	11,250,000.00
Total Cost (Per Year)	7,640,000.00
Profit/Loss	**3,610,000.00**

Based on an assessment of the financial aspects of the café such as the potential costs, revenue streams and risk factors, we were able to comprehend the profitability and financial viability of the business idea proposed.

Pricing – Café Bakespresso

After doing research and surveys, we have decided to offer great coffee and snacks that fit within the budgets of students and staff. By ensuring that our menu is priced fair we can attract a loyal customer base.

Marketing Strategy

To promote our café at SLIIT, we want to build a strong brand that connects with students and helps us stand out.

Ways to Promote and Advertise:

- **Social Media Marketing:** We will use platforms like Instagram and Facebook to share updates, and special offers, and interact with our customers.

- **Content Marketing:** We will create interesting blog posts, videos, and images of our café to attract and inform people.

- **Search Engine Optimization (SEO):** We will make sure our website is easy to find when people search for café.

- **Sampling and Tasting Events:** We will host events where customers can try our products for free, encouraging them to buy.

- **Networking and Partnerships:** We will connect with other businesses to create partnerships that help us get noticed.

- **Video Marketing:** We will make fun videos showing how we make our coffee and share customer experiences.

- **Contests and Giveaways**: We will run contests and giveaways to create excitement and get people to visit our coffee shop.

By using these strategies, we hope to build a loyal customer base for Café Bakespresso.

Marketing Plan – Banners, Flex and Flyers

Legal Considerations

When starting a café on campus, it's important to know the licenses and permits we need to follow the rules and operate legally. Here are the necessary licenses and permits we will typically need:

- **Business License:** This allows us to legally operate our coffee shop.

- **Food Service Permit:** This ensures we meet health and safety standards for serving food and drinks.

- **Sales Tax Permit:** This allows us to collect sales tax on our products.

- **Zoning Permit:** We need permission from local authorities to operate in a specific area.

- **Fire Department Permit:** This ensures our shop meets fire safety standards.

- **University-Specific Permits:** We may need additional approvals from the university to operate on campus.

- **Vendor Agreements:** If we work with suppliers or other businesses, we will need contracts outlining the terms of our partnership.

By obtaining these licenses and permits, we can ensure that our café operates legally and safely, creating a positive experience for our customers.

Health and Safety Regulations

When starting a small coffee shop, it's important to follow health and safety regulations to protect both our employees and customers. Here are some key regulations we need to keep in mind:

- **Food Safety Regulations:** We must follow guidelines to handle, prepare, and store food safely to prevent foodborne illnesses.

- **Sanitation Standards:** This includes regularly cleaning surfaces, and equipment to ensure a hygienic environment.

- **Pest Control:** We need to implement measures to prevent pests from entering the café and contaminating our food and drinks.

- **Employee Safety:** We must ensure a safe working environment for our staff, including proper training on handling equipment and emergency procedures.

- **Fire Safety Regulations:** We need to follow local fire codes, which may include having fire extinguishers, clear exits, and emergency plans in place.

- **Equipment Safety:** All equipment must be used safely, and staff should be trained in proper equipment use.

By adhering to these health and safety regulations, we can create a safe and enjoyable environment for our customers and employees.

Conclusion

The coffee shop on campus is not only a good idea but also has a strong chance of being successful. There is a high demand from students, faculty, and visitors, and the location is great for attracting customers. Our focus on quality, sustainability, and connecting with the community matches what students want, making the shop more appealing.

Creating a friendly and inviting space will help people socialize and find good places to study, which will enhance campus life. However, we need to plan carefully and execute our ideas well to tackle any challenges and ensure the shop lasts overtime.

In summary, starting a coffee shop can be a profitable business. Success will depend on careful planning, understanding the market, and managing things well. The key factors for success include:
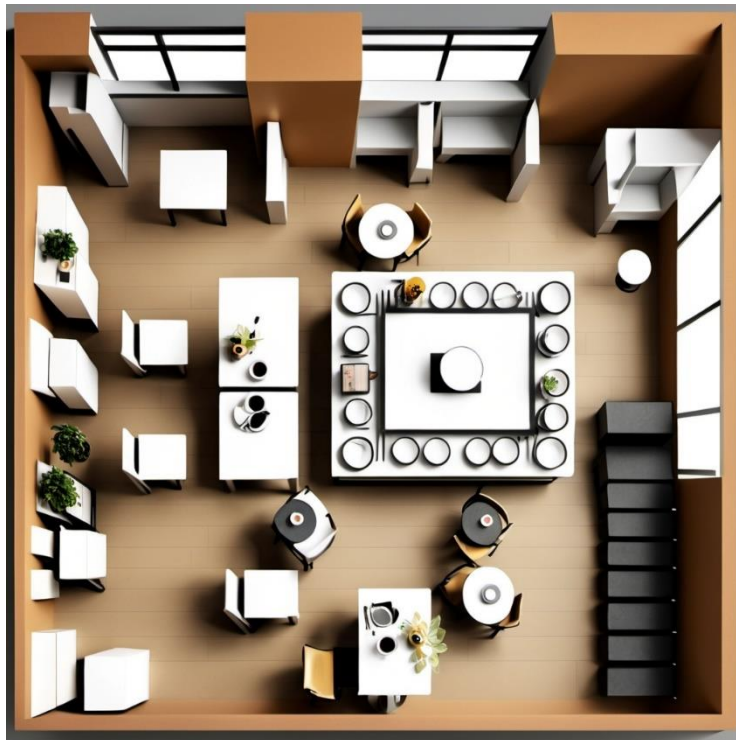
1. Right location.

2. Offering high-quality Beverages and Foods.

3. Good customer service.

4. Effective management cost.

Annexures

3D Plan of Bakespresso (Outside)

3D Floor plan of Bakespresso (Inside)

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